the Freeman

Ideas on Liberty

NOVEMBER 1974

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CHARLES R. LADOW

The Blindness of MACRO-ECONOMICS

THERE IS a charming little allegory of Hans Christian Anderson which fits very well the efforts of macro-economists and others who have directed public policy in recent years. In *The Emperor's New Clothes*, a group of self-styled magic weavers undertook to weave clothes for the emperor which would make him invisible. When the invisible clothes were finished, they went through the motions of dressing the ruler and he strolled out among his subjects to check the result. Like any "silent majority," the people were loath to speak out questioning their government. However, one little child broke the spell by crying: "The emperor is naked!" Like the emperor's new clothes, the impressive weaving of our political economists has had a denuding effect on the exchequer. The childlike simplicity of individualism is called for to show them up.

Mr. LaDow, of San Diego, recently retired as a teacher of social studies in high school.

No less charming was a talk of William James to teachers and students: "On a Certain Blindness in Human Beings." James demonstrated, including an example of his own lack of perception, how impossible it is to plumb another individual's motives (what makes him tick). Let anyone who questions the universality of this blindness read this essay in William James' little book: *Talks to Teachers*. Indeed, macro-economists are aware of this shortcoming in their trade. They are commonly fond of proclaiming their modesty by suggesting: "Let the political philosophers tell us what kind of an economy they want and we will produce the model." However, this shrugging of responsibility provides us with an empty alternative when most of our political philosophers are, themselves, tied up in analytical generalities which ignore the realities of individual existence. Somehow, classes, races, sexes,

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and other kinds of groups are all that remain within the brackets of their consideration. The individual exception is filtered out – something with which they are unprepared to deal. Since each of us is an individual exception, by definition as well as in reality, these macro-sociologists are poorly equipped to manage the realities of human existence.

Not Even Governments Can Long Flout Public Opinion

While man is a gregarious animal whose very existence depends upon political organization, the viability of any political organization is dependent upon the voluntary support of its individual members. There have never been enough jails and concentration camps in any tyrannous state to hold all its dissidents. Custom is the accretion of individual compromises found necessary to essentially different beings in order to survive living together. (Current violence in our society is a warning.) Law can be successful only when it complements such long-standing customs and adopts new rules only when they are clearly in accord with a previous development of custom. In other words, effective reform can come about only from within society, by the voluntary consent of individuals, and cannot be successfully brought about by government decree, or the judgment of a court.

A case in point is the current hiatus in improved race relations in this nation. Following World War II, one could see remarkable voluntary improvement in race relations; but massive government intervention has precipitated strife and has hopelessly muddled its progress, splintering what might have become a genuine consensus. There is scarcely a facet of our governments' recent operations which does not bear this onus. "Giving government back to the people" is more than a political slogan. It is a practical necessity if we wish to avert social chaos.

Since the overriding bugaboo of our ruling macro-economists has been unemployment, it is incumbent upon us to show how its evils may be avoided. They have seen nothing better to do than to proliferate publicly funded programs to ameliorate the unemployment which their unwise policies created in the first place. By granting monopoly rights to the minority of unionized labor and raising minimum pay laws, they have disemployed marginal workers and taxed the consumer with higher prices, which fall hardest on the poor. Escalation of public relief has created a real option of unemployment to many who might other-

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wise find employment. Even in a period of rising unemployment, many positions stand unfilled. These policies must revert to the free, competitive market before we can achieve full employment. Figures on unemployment are meaningless in the current mix created by public policy.

No consideration appears to be given to the truth that, while many individuals are unemployed, by choice or necessity, just as many individuals are over-employed. The wartime necessity of "moonlighting" has become a family habit for many. To pay increasing taxes and meet family goals, working wives have become the rule rather than the exception, while the hiring of household help, once a haven for the unskilled, is outside the budget of most of the middle class. Working wives and husbands must face household chores when they get home. Whole industries have risen catering to the do-it-yourselfer. While plumbers, painters, and carpenters are claiming outrageous prices for their services, the average man is doing more and more of this work for himself. That this massive effort is not, and cannot be, counted in the GNP assures us that its impact on unemployment is never counted. The Keynesian inflation fathered by the macro-economists and their profligate spending of the people's money has guaranteed that all the willing horses shall be overworked to support their programs. After all, the bulk of the tax load falls on this over-employed middle class.

Work to be Done

There is no need to bring in statistics to show that the official concern over unemployment is a red herring. All that is needed is to look around you. There is plenty of work to be done. Only two requirements exist for putting everyone to work: 1. The money to hire their services and 2. Their individual willingness to go to work at what the market offers.

1. Let us consider first what is necessary to provide the funds to hire the work done. In order to accomplish this, all that needs to be done is to abolish all government funding of so-called anti-poverty programs and unemployment relief. The resultant possibility of lowering taxes by at least fifty per cent should leave enough money in the hands of individuals and firms, the productive factors in the economy, to take up any slack in employment and allow people to get the work done that they need instead of what government decides to do for them. This should even take care of displaced civil servants and appointed personnel and would put them into

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productive work, providing a much-needed boost to our lagging GNP. Also, the reduced bookkeeping and red tape suffered by businesses should boost their productivity and provide a boon to the consumer in lowered prices, which are universally raised by the fixed costs of government meddling.

2. While there are some individuals who would work even if there were no necessity to do so, it may be generally agreed that the urge to work is directly proportional to the need for making the effort. Otherwise, there would be few labor-saving devices and much less enthusiasm for vacations. So, if we remove the various governmental programs which encourage people to get along without working, or to join some nonproductive bureaucracy, we are likely to see a renaissance of the work ethic. After all, the reign of this virtue among our ancestry was more due to the raw necessities incidental to taming a continent than to an industriousness peculiar to their genes. We honor them for their courage in facing hunger, thirst, and many hardships unknown to even the poorest of us. Should we deny to any of our contemporaries the honor due to the courage of facing necessity? After all, if we deny it to them in the productive workaday world, they will seek it in daredevilry, violence, and crime, as is now being demonstrated. If you look at individuals, rather than sociologists' evanescent groups, you will have to admit that most of them would go to work at whatever the market offers their talents – if they had to. In a universe fraught with dangers, the most sincere and useful tutor is necessity. To remove it from a person is to disarm him in the midst of war.

Why the Great Depression?

At this point, we anticipate the cries of those who revert to the "Great Depression" and a memory of people "selling apples on the street" and saying that we can't have that happen again. To begin with, honest economists are agreed that the great slump was caused by inept manipulations of government itself, most particularly those of the Federal Reserve Board which allowed the banking system to become paralyzed. Following that, Federal controls were applied to hamstring enterprise, which has had to learn to live with its hamstrings ever since. That is why people were selling apples on the street. But, even at that, what is wrong with selling apples, if that is the best thing you can think of to occupy yourself? Isn't that a better scene than the punks today ripping off old ladies' purses

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in broad daylight, or smoking pot on a tenement step while collecting relief? Governments which appropriate, in one way or another, 40 per cent of their productive citizens' earnings are poor moral examples, either to the industrious or to the idle. We need not be surprised that the former favor us with endless strikes, while the latter do it with riot and crime.

But, some will say that removal of government crutches would bring wages down to a starvation level – the old socialist argument. Well, two factors contribute to rising wages: inflation and technological advance. The inflationary factor is controlled by government by means of taxation and the money supply. Technological advance is altogether provided by industry, although it is aggravated by the selective inflationary intrusion of government, such as the mandating of smog devices, seat belt interlocks, space engineering, public transport, and others too numerous to mention. (That some of these intrusions may be legitimate does not erase the probability that most of them are not.)

Henry Ford was the first to raise wages to five dollars minimum per 8-hour day. This was a revolutionary, totally voluntary, step up at that time, made feasible by technological advance and wise merchandising in the pure free market sense. True, Mr. Ford was a benevolent despot who fought labor unions with his own police; but he was way ahead of the unions in an honest wage raise which still left his product, the Model T, cheapest and best to the consumer. The labor unions are the first to protest that their wages never keep up to inflation; but they lead in efforts to support inflationary government policies, which leads to a questioning of the intelligence and knowledge of their leaders and members.

Real Wages at Stake

It can be positively stated that wages and prices are inextricably related; for, as all economists agree, all we have to split up is what we produce. Whether the laborer gets the 40 cents per hour of the 1920s, or the $5.00 per hour of today, and whatever his "fair share" may be considered to be, it must still be diminished in the proportion appropriated by government by taxation and inflation. We may be sure that such advances in his standard of living as have occurred in the past four decades are solely due to the technological advances in the private sector under the vast handicaps of political intervention and legalized seizure by the public sector. Whatever dollar wages may be in a free market, real wages will be

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increased in the degree to which government withdraws its interventions and taxes. The individual will always claim the highest wages available to his personal capacities in a competitive market, because firms and households are literally helpless without help.

The most that unions and government can do is to enforce equal splitting of the income pie — an outcome no one really wants. Any general rate of wages for a particular class of work has always been, and will always be, established by the market; so forceful intervention in the process is fruitless in the first place. At some price, there is work for everybody; but there is no form of government short of slavery which can force people to hire workers at over the market price. There is always the option of closing shop or doing the work oneself. Nobody should deny the right of any individual to hold out for the highest price for his services. Neither can anyone deny the right of all other individuals to refuse to hire him.

Perhaps unions perform some service to firms in removing their need to bargain individually with workers. Bossed labor crews have long provided such services, as in field labor; but such arrangements have never been considered particularly favorable to individual workers. This writer worked in military construction during World War II. A union shop steward was overheard suggesting to an officer that raised military pay was due to union efforts. The officer replied: "Without our war, you wouldn't have such high pay." This illustrates the inexorable effect of supply and demand on general salaries and wages. Those who claim credit for increases must look to their arguments.

Macro-Metaphysics

Macro-economics is a metaphysical art providing an ideal vehicle for such brilliant expositions as those of Professor Paul A. Samuelson, author of the textbook bible in the field. A sample occurred in *The Morgan Guaranty Survey,* for June, 1974, adapted from a memorandum to the West German Council of Economic Advisers. One cannot help admiring Dr. Samuelson's breezy style and broad-brush technique in painting the generalities of the world economic situation. Coining the term "stagflation," he correctly discerns that the current worldwide state of economic stagnation combined with inflation is not to be described with one simple formula, but is an extremely complex situation, which he describes very well. He suggests, in closing, that a domestic cooling off might be in

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order, but questions that the political climate would allow that. In a scholar, such disinterestedness is academically virtuous; but it fails to point out that the descriptive technique of macro-economics, when applied to practical affairs, is largly responsible for the public paralysis which grips us.

At the close of Ernest A. Moody's book, *The Logic of William of Ockham*, there is a summation of Ockham's work which is germane to this discussion: "Problems, as Aristotle indicates in the *Topics*, are propositions; hence existence, and our awareness of what exists, are not problems to be solved, but means of solving our problems." While one would not go so far as to suggest that Professor Samuelson was attempting to enunciate a problem in the above considered analysis, it is illustrative of that certain blindness here attributed to macro-analysis. What we need is problems to solve. Perhaps he has given us the means of solving such problems as we are capable of bringing up; but it is a shame to see all that intelligence used only to show us the bad news that exists. It reminds one of Demosthenes' *Third Philippic*, where he challenged the Athenians to offer a motion to do something to protect themselves against the advances of Philip of Macedon, instead of paltering with one another. There must be a motion leading to some action, or there is no problem. All the analysis of the general "isness" of the universe leads us nowhere until some problem is clearly stated.

Sociological Legislation

The obligation of government to protect us from one another's aggressions, and even from destroying our mutual environment, is generally accepted as established custom. The laws on fraud and crime, when evenly enforced, are as effective as might be expected in an imperfect world. With the law on torts, they provide for reasonable protection and redress for individuals. However, the tortuous decisions of courts, in recent years, often invaded by ambiguous sociological considerations, are long overdue for an overhaul to fit a society made up of individuals.

As for the laws to prevent us from ruining our general environment, fines charging us, within reason, for any harm we do would be more effective than the piecemeal, and often conflicting, regulations which have harassed us in this era of macro-decisions. If we look to land use, government itself already controls the largest area in the nation. If government would perform the rules of conservation in lands and installations under its

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control, which it would enforce upon the rest of us, any abuse which we might apply to our own private property would certainly not be so considerable as to call for draconian controls, or bribes to comply. Improper use of one's own property creates its own penalty; and damaged neighbors may, and do, sue.

Macro-economists' prevailing view of pollution and waste of natural resources is another case of astigmatism. Fractional reserves allowed by the Federal Reserve with the resulting multiplier effect on credit and the monetization of debt have provided artificial stimulation of consumption. Long term inflation has made certain that people will turn money into goods and commodities as rapidly as possible. These are the policies which have reigned under the advice of the macro-economists and over which firms and individuals have no control, except at the ballot box. If over-consumption be desirable, then pollution and waste must be accepted as a necessary cost.

What is the sense in belaboring citizens and firms for conditions solely due to public policy? Make it easy to borrow, constantly cheapen the people's money; then blame them as a bunch of wastrels! It doesn't make sense. All that is required to bring pollution and waste under control is to hold each bank fully responsible to depositors and halt the governmental creation of inconvertible currency. One is not sure that banks, with branches on every corner, or a lot of multiplying enterprises and conglomerates, would like this prospect very well; but they might prefer it to an eventual credit collapse, with resultant bankruptcy. If the emperor isn't naked, he is certainly doing a strip-tease.

Let Us Try Freedom

Micro-economics has a proposition to offer: We move that we accept the reality of the free market and deny politicians the option to control it. While it may be true, as Macaulay suggested in 1824, that "Free trade, one of the greatest blessings which a government can confer on a people, is in almost every country unpopular," still Americans have enjoyed its blessings more than most and they have a tradition of its support among their great men, from Thomas Jefferson on down, so they are far better equipped to understand its options than most nations of men. The advocates of a "mixed economy" need to be reminded of Lincoln's aphorism: "I believe this government cannot endure permanently half slave and half free." Although this was applied to physical servitude, it is certainly

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equally applicable to economics where our civil rights as persons are usurped by government, placing over a third of our productive efforts in bondage to the state (a form of part-time slavery).

While we have never enjoyed a truly free market in the United States, in recent decades we have been moving away from that desirable policy with increasing acceleration. A real opportunity for statesmanship is clearly before our politicians and voters. Keynesianism has had its chance. Its programs are failures in every department and are bleeding our economy slowly to death. Let us remove our blinders.

All of this world's problems are created and solved by individuals doing their own thing, making macro-analysis an impossible maze. Give the individual a chance. Admittedly, such a drastic change in policy cannot be accomplished in a day; but, if we know where we are headed, we can get there sooner than anyone suspects. Just as means can be found to adjust a household budget to a sudden crisis, a nation can put its house in order to meet a new set of priorities. We will all be happier when we have exchanged the welfare state for the personal liberty guaranteed by our original Constitution.

IDEAS ON LIBERTY

Power Corrupts Leaders

POWER ACQUIRED by force and subject to no continuing functional check is bound to corrupt. Corporate managements are kept in line by the right of stockholders to move their equities when they are dissatisfied and by the right of consumers and other purchasers to take their patronage elsewhere without let or hindrance when price or quality are poor. If the house of labor is to be clean, the same general principles must be applied there, with the workingmen of the nation in the position of stockholders and consumers.

It is as absurd to expect good clean unionism in conditions of extensive compulsory unionism, as it would be to expect good government in a society where the divine right of kings or the dictatorship of the proletariat was the central political principle.

SYLVESTER PETRO, "Can Labor Clean Its Own House?"

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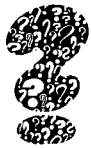
Who Owns the Job 

CECIL V. GROVE

THAT QUESTION has generated all manner of controversy and frictions over the years.

Labor bosses, presuming to speak for all union members, maintain that jobs are owned by the workers. Although the claim is seldom made in such plain terms, when unions go out on strike, making use of threat and violence to prevent anyone else from doing the jobs they have just refused to perform, it is evident that both union leaders and members consider jobs to be the property of the unions.

Management, on the other hand, tends to argue just the reverse. Pointing out that it is the company or corporation which does the employing and furnishes the necessary capital involved, management contends that the job belongs to the company or corporation.

Government, of course, goes them all one better. Regulating both employes and employers and taking its "cut" off the top in taxes, government acts on the assumption that it owns, not only the job, but the human beings involved, as well.

What is the truth of the matter? Who, indeed, *does* own the job?

Well, as usual, when you ask the wrong question, you are likely to get the wrong answer.

In truth, no one owns a job. A job is something to be *done*, not something to be owned. A job is not property. And only property can be owned.

And that, we believe, puts the entire question into its proper perspective.

We can now ask, not who owns the job, but who owns the property

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involved and who should control it?

The employe, as the owner of his own body, life and energy, is the only proper authority to decide how *his* property should be used.

Likewise with the employer. As the owner of the property his capital has bought and paid for (buildings, tools, equipment etc.), he is the only proper authority to decide how *his* property should be used.

Getting the job *done* involves a coming together of the two and the use of the property involved on a basis mutually acceptable to the owners concerned.

And how is this accomplished? The process occurs in the market place based on the principle of voluntary exchange – a place where, and a process in which, *owners* come together and peacefully decide to exchange what is *theirs*.

Who, then, should *do* the job? The answer comes fast and clear: The *owner* who can, and will, do it to the satisfaction of the *owner* with whom he makes the voluntary exchange; both of whom, in a free market, would be free to seek *other* owners who might do it better.

IDEAS ON LIBERTY

Production and Wages

WITH A FREE market, in an advanced economy, most of the returns from production go to the workers – roughly 85 to 90 per cent. Competition *forces* this. If workers are supplied with good tools and equipment, they are more productive and their wage level is higher than it would be otherwise. This is a generalization regarding all workers. The general wage level is higher in a country where there is a relatively high investment in tools and equipment per worker. It is just that simple! In the United States, the investment per worker in tools may be $20,000, and it is not unheard of to find a particular business with an investment of $100,000 in tools and equipment per worker.

The road, then, to a higher wage level is through savings and investment in the tools of production. There is no other.

W. M. CURTISS

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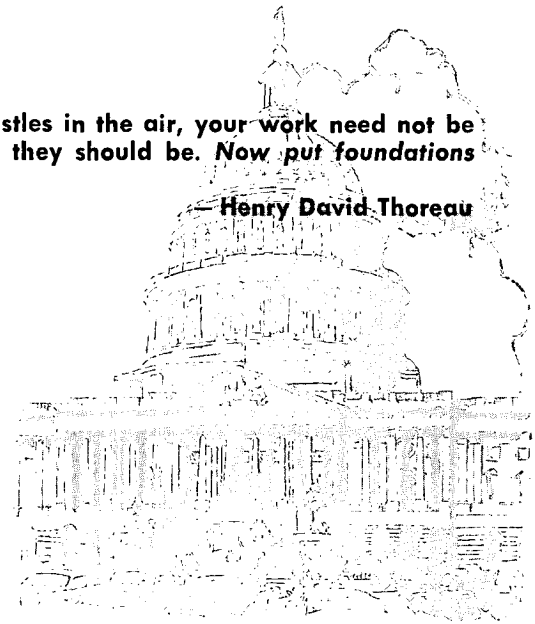
If you have built castles in the air, your work need not be lost; there is where they should be. *Now put foundations under them.*

— Henry David Thoreau



Castles in the Air

LEONARD E. READ

SCRUTINIZE TRADITION and assess it, for it bears witness both true and false; to be blindly guided by it is to risk being led astray. So, beware of conventional thinking; break with tradition whenever reason shows its folly! As Ortega warned:

> The so-called Renaissance was, for the moment, the attempt to let go of the traditional culture which, formed during the Middle Ages, had begun to stiffen and to quench man's spontaneity . . . man must periodically shake himself free of his own culture.[1]

Thoreau was a hardheaded searcher for truth; he did his own thinking. His comment on castles in the air is a sample, a break with the conventional definition of daydreaming: "Anything imagined and desired but not likely to be realized."

Thoreau is right. Contrary to popular notions, castles in the air are the birthplaces of human evolution; all progress (and all regress), be it material, intellectual, moral, or spiritual, involves a break with the prevailing ideology. Not to break with the current conventions – to go on our dizzy way – means a headlong plunge into all-out socialism!

Castles in the air might indeed become chambers of horror. On

[1] See *Man and Culture* by José Ortega y Gasset (New York: W. W. Norton & Company, Inc., 1962), pp. 72-73.

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the other hand, they encompass man's unrealized goals and aspirations, the dreams not yet attained but not necessarily unattainable. An example from the past may help show their role for the future: In 1898 it was thought that intensive farming depended on the nitrate mines in Chile, and that their eventual exhaustion would bring world famine. Why did not this disaster come to pass? Three great scientists built castles in the air. *They put foundations under them* and thereby "solved the problem of nitrogen via ammonia synthesis from air and water."[2] Result? More intensive farming than ever before! So we are not now dependent on nitrate from communist Chile; we do not face famine.

As to the future, such normal sources of energy as coal and oil are believed to be in critical shortage. "Energy crisis" is the talk of our time. Thank heaven for castles in the air. It has been known for centuries that all heat, light, and energy for the entire solar system comes from the sun. Coal and oil are but by-products thereof, the secondary sources we have used to survive. Very well! Why not anticipate the end of coal and oil and go directly to the sun for mankind's energy? Harness energy at its source! *Put foundations under it!* Long steps in that direction have been taken, and it's now only a matter of time – assuming some other castles in the air – before we will be capable of extracting more energy from the sun than human beings may ever need.[3]

Freedom Required

Why the reservation, "assuming some other castles in the air"? It is this: If we persist in coming to be more and more like communist Chile, solar energy for mankind is a daydream without foundation. Tapping this source on a meaningful scale is out of the question except as there be at least one country in the world where men are free. Put this stark fact another way: Solar energy will not grace mankind unless we remove our restraints against the release of creative human energy; solar energy and creative human energy are inseparably linked!

Freedom does not make people strong; rather, it makes strength possible. It gives everyone an

[2] See "Energy: The Ultimate Raw Material" by James Wei (*The Freeman*, August, 1972).

[3] "Although less than half the earth's sunlight entering the earth's atmosphere reaches its surface, just 40 minutes of that solar input equals all the energy mankind consumes in an entire year." In a word, 13,140 times as much solar energy as needed to serve present requirements. See "Tapping the Sun's Energy" by David G. Lee (*National Wildlife*, August-September, 1974).

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opening for intellectual, moral, and spiritual strength. With freedom, many will develop their faculties, some will not. The outcome depends on one's inner strength. Indeed, this inner strength occasionally shows forth in persons living under extreme authoritarianism.

While such rare stalwarts as a Solzhenitsyn may keep a few sparks aglow, it is only when freedom's flame is high and bright – when millions are free to act creatively – that such miracles as tapping solar energy are a possibility. The ones who get the credit – the scientists out front – actually ride on the shoulders of others with their thoughts, insights, intuitive flashes – countless thousands of unknown persons. For instance, did Johann Gutenberg invent the printing press? He is given the credit. The fact is that his was but a crowning achievement, a final touch to literally millions of antecedents – including the unknown hero who harnessed fire.

In view of the politico-economic trend in all nations toward all-out statism, any prospect for progress requires a turnabout in at least one nation. And the nation on which each of us must focus is his own. Only at home may one expect to put foundations under his dreams.

The American Dream

More than two centuries ago in this land of ours men built castles in the air. What was their dream? A country free from authoritarian tyranny; each citizen free to act creatively as he pleased, government limited to inhibiting destructive actions, invoking a common justice, keeping the peace! No political arrangement had ever matched this dream, even remotely. Castles in the air, indeed!

The challenge they faced was to *put foundations under their dreams!* And they did: The Declaration of Independence unseated government as the sovereign power and put the Creator there: ". . . all men are . . . endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty . . ."

The Declaration, however, was only the first stage in laying the greatest politico-economic foundation in the history of mankind. The next step – cementing the foundation – was the Constitution, further supported by the Bill of Rights. These political instruments held government to a more limited role than ever before. Result? The greatest outburst of creative energy ever known – the American miracle!

What has happened? Our foundations are crumbling. We are reverting to the same type of

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authoritarianism from which our forefathers fled. We give it new names: the planned economy, the welfare state, socialism, communism. But tyranny is tyranny whether the master be a King James, a feudal lord, a Hitler, or a majority gone mad!

The remedy? Once again, castles in the air! Required is a lodestar – "a guiding ideal" – similar to that of our founding fathers, along with the will and the understanding to put foundations under that ideal.

Built into this foundation structure are gems of thought. The mortar holding the gems in place is composed of the several virtues: steadfastness of purpose; thinking for self rather than imitating others; an insatiable desire to learn, realizing that the more one learns the more there is to learn; an ability to explain the fallacies of all dictatorial behavior; an understanding of and a devotion to the creative process; and, this above all, integrity – the accurate reflection in word and deed of whatever one's highest conscience dictates as righteous.

Repeal the Restraints

Given such a foundation, what sequence of events might be expected to follow? A repeal of all laws that restrain or prohibit creative activity. A precedent for such a wholesome turn of events occurred in England following the Napoleonic wars. Richard Cobden and John Bright and a few enthusiastic supporters who understood the folly of mercantilism and the merit of freedom in transactions began the greatest reform movement in British history: the wholesale repeal of restrictive laws. As a consequence, England stood as a giant among nations until just before World War I when her foundations began to crumble, as ours are now crumbling. However, what happened once to achieve freedom in England can happen again there and also here. It can happen if there is the will to prevail, a faith that we can succeed.

Given a return to freedom, what about the harnessing of solar energy? It will be as commonplace a few years hence as delivering the human voice around the earth at the speed of light is today. Taken for granted! And who knows what other things free men can and will accomplish!

But far more important than these countless material blessings will be a freeing of the human spirit – tens of millions no longer wards of government but growing, emerging, self-responsible citizens, each his own man. Castles in the air? Let us build foundations under those worth keeping.

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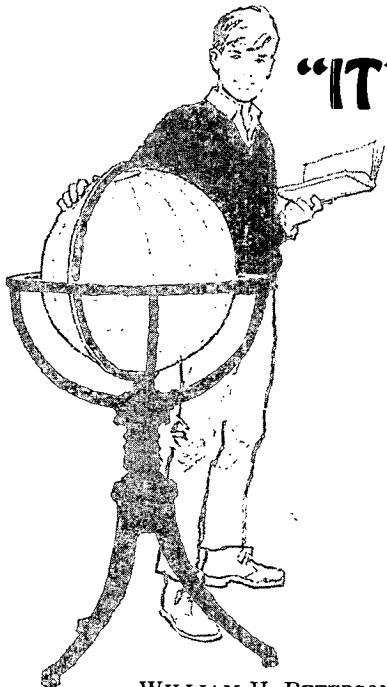

"IT'S FOR REAL"

WILLIAM H. PETERSON

LOS ANGELEANS Jim and Bob run an advertising agency. Lisa and Yolanda make jewelry. Ivan builds ships. Edna publishes a newspaper. John operates a savings and loan company.

No big deal.

But these and other business people operate in districts that don't usually appear on maps of Los Angeles. Districts like Poohville, Economyville, Kookie Kounty and Land of Knowledge – districts or lands or miniature societies that fly their own flags, issue their own passports and create their own money.

Jim and Bob and the other business people, you see, are from 8 to 12 years of age. They are part of an experimental program by the Los Angeles public schools in teaching economics. The program has been dubbed "The Mini Society" by two of its creators, Drs. Marilyn Kourilsky of UCLA's education department and James Claybourn LaForce, chairman of UCLA's economics department.

Professors Kourilsky and LaForce, with the help of the Foundation for Research in Economics and Education (FREE), headed by Dr. LaForce, and the Invest-in-America National Council, Inc., a Philadelphia-based nonprofit educational organization, have produced a documentary film on the Los Angeles program. The film features an introduction by Robert J. Buckley, president of Allegheny Ludlum Industries and of Invest-in-America, and is now being

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shown to school teachers around the country.

"The Mini Society" makes clear Los Angeles school children are not just role-playing or simulating business. They mean business. Indeed, they are business. As one very young business woman explained to a slightly bemused adult visitor to Economyville, "It's for real."

Business in Practice — All in the Classroom

And so it is. Real goods and services are produced and exchange hands — at a price. Scarcity is confronted. Resources are limited. Supply and demand hold sway, prices fluctuate, competition reigns, profits are made, losses are incurred. Businesses are born, and businesses die. Cost-benefit analysis is stressed throughout. All in the classroom for one or two periods a day during the traditional curriculum.

Now and then an auction is held. The bidding gets heated, with a young auctioneer typically using a couple of spotters to assure that all bids win recognition. (One bidder got so excited that he bid on his own microscope which he had put up for sale.)

The embryonic societies find it necessary to pass laws protecting private property and the sanctity of contract. They have also found it necessary, alas, to deal with counterfeiters and deadbeats.

But such "crime" is very low, while responsibility, involvement and true learning experience are evidently very high. Also high are self-development and a sense of being useful to one's peers — to "society." Ivan, the model-ship builder, for example, told a visitor: "This ship is not for sale because I don't like it. It's not made right."

Thus, the spin-offs from these junior market places in the City of the Angels are interesting if not downright heartening. For apart from inducing desirable personal qualities, the mini societies apparently reinforce the 3 R's in meaningful ways. Says Paul F. Dunleavy, 5th grade teacher at the Armacost Street School: "Reading the terms of a credit card contract or filling out a job application form, as my pupils do, certainly boosts reading skills. Similarly, toting up deposits and calculating interest rates at our classroom Seal Bank sharpens math skills; and putting out *The Economyville News* quickens writing skills."

At the 92nd Street School in Watts, Kookie enterprises thrive in Kookie Kounty. Its citizens found their own self-styled money wanting and switched to U.S. coins and currency — the nearest they

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could get to the real thing. And with an eye on the rising cost of living, some junior black entrepreneurs set up a consumer information service. Now the faculty and families of the 92nd Street School look to the mini-economy class for up-to-date comparative prices on meat and produce in neighborhood stores.

Most school parents in Los Angeles are excited about the program but a few parents worry that their children are learning the economic facts of life all too early. Yet even though there had been concern that the mini society would engender materialism, researchers on the program reported:

"Ends which the children seek are not especially materialistic. Children participating in the model tend to spend as much of their money as possible on what adults call the 'finer things' – such as art, music and recreational pursuits."

The final upshot of the program is, of course, yet unclear. But this much seems certain: Among the fledgling bankers, entrepreneurs, professionals, craftsmen and craftswomen is a deeper appreciation and understanding of the world of business as well as some new-found career aspirations for the reality-that-is and the reality-to-come. The citizens of the mini economy have already come to grips with scarcity, inflation, cost-benefit analysis and, of their own design, the free enterprise system. Indeed, in terms of economic acuity these citizens may surpass many of their parents and elected representatives.

Concludes Louis Milione, executive vice president of Invest-in-America, in talking to one summer institute of elementary and secondary school teachers: "I know of no better way to invest in America than in getting across sound economics to young Americans."

I agree. The future belongs to the young. As they think and act today, so will they be tomorrow.

IDEAS ON LIBERTY

Unlimited Opportunity

HIGH-BROWS turn up their noses at Horatio Alger's philosophy. Yet Alger succeeded better than anybody else in stressing the most characteristic point of capitalist society. Capitalism is a system under which everybody has the chance of acquiring wealth; it gives everybody unlimited opportunity.

LUDWIG VON MISES, *Bureaucracy*

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RONALD F. COONEY

The Individual and Majority Rule

BELIEF IN MAJORITY RULE as an eternal verity is so pervasive, devotion to it is so complete and unquestioned, that to offer demurrals is viewed as almost a kind of heresy. What began as a formula of utility has risen by degrees to a national article of faith. One hears constantly reiterated the concept, "majority rule and minority rights," (foremost, apparently, being the right to follow the dictates of the majority). Majority rule has the approval of the majority, and it seems no more need be said. Yet the doubts remain; the nagging questions cry out to be answered. Where is majority rule permissible? Where is it impermissible? What, in short, is its purpose? Does that purpose have limits, and if so, what are they? Can majority rule be reconciled with individual and minority rights?

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Underlying these questions is the paradox of every government. Man in a state of nature has maximum freedom limited only by his strength and ability to survive. For protection he establishes a government which, to endure, must limit his freedom. One against the other, liberty and security are in constant conflict. The dilemma becomes acute whenever the forces of safety and order outweigh those of freedom, when even the most trifling human activity is regulated by the State, or conversely, whenever the abuses of liberty bid fair to destroy society, when civil war – in Hobbes' phrase of "every man against every man" – or anarchy threatens. How to steer between the two extremes, tyranny and anarchy, how to conserve the State for its essential functions and an ultimate of liberty, this is at the bottom of the controversy between the individual and majority rule.

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A majority taken collectively may be regarded as a being whose opinions, and most frequently whose interests, are opposed to those of another being, which is styled a minority. If it be admitted that a man, possessing absolute power, may misuse that power by wrongdoing his adversaries, why should a majority not be liable to the same reproach? Men are not apt to change their characters by agglomeration; nor does their patience in the presence of obstacles increase with the consciousness of their strength. And for these reasons I can never willingly invest any number of my fellow-creatures with that unlimited authority which I should refuse to any one of them.

This eloquent passage is taken from Alexis de Tocqueville's classic *Democracy In America*. In that work, the author speculated on, among other matters, the phenomenon he called "the despotism of the majority," to which, he felt, popular government was uniquely prone. Tocqueville believed that the potentiality for a *democratic* tyranny was greater in the United States than anywhere else, for it was the major extant democracy. Ironically, he saw in the very strength and stability of American democratic institutions, in its public opinion, its legislatures, its executive branch, even its courts, the seeds of oppression. These were not a danger to freedom because they were weak, but because they were (and are) so strong, and because they took that strength from a majority of the people. In the face of such total domination, Tocqueville said, a person who felt he had been wronged had no recourse but to the establishments directly or indirectly controlled by the majority. Tocqueville's concern revolved around the problem of how to preserve liberty where the majority held this immense and irresistible dominance.

Doubts About Democratic Rule

Tocqueville's apprehension was, in one way, nothing new. Beginning with Plato, political philosophers of an anti-democratic or aristocratic bent had a dread and loathing of popular rule. Plato himself envisioned a perfect state headed by a philospher king and a carefully chosen and specially trained aristocratic elite, with entrance from the lower classes severely confined. Aristotle after him wanted to alloy as much as possible government of the people with monarchy and aristocracy. But his objections, like those of Plato, were largely theoretical since at that time there were no truly democratic governments worthy of the name. Tocqueville, it must be remembered, was surveying a living democratic republic and sounding, in the name of liberty, a similar cautionary note.

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In his discussion of American institutions, Tocqueville possibly had in mind the theories of Jean-Jacques Rousseau. The heart of Rousseau's radical democracy was the idea of the General Will. More than simply another name for the will of the majority to do whatever it wishes, this general will takes on in Rousseau's hands the patina of a moral imperative. Infallible, inviolable, completely sovereign and independent, the general will is always a force of the good and the just. Rousseau would allow no disobedience of the general will once its decision had been made. Out of this belief sprang the curious doctrine of compelling a man to be free, of subordinating his will and abiding by the general will even though he may disagree with it. Here, indeed, was democracy—and with a vengeance.

Safeguards Against Tyranny

Although Rousseau had some influence on the Founding Fathers in America, his passion concerning majority rule and majority virtue was not so readily transferable. True, men such as Jefferson and Madison believed in popular government, but they were also realistic enough to see how overweening majority power could quickly become mob-rule. They tried to avoid such an occurrence by building provisions into the machinery of government for the separation and diffusion of power, with authority distributed among three branches. Tocqueville was aware of this, and yet he saw nonetheless a wide latitude remaining for the abuse of power. Later observers of American republican government would make a different argument, remarking that the system of checks and balances and separation of powers made it difficult to pass legislation for the "good" of the community. To what extent those prophecies have been fulfilled (in other words, how well we have been saved from our saviors), is open to debate; one wonders what would be our situation today had not those safeguards existed. If the burden of social legislation is less now than it might be, we owe yet another debt of gratitude to the Founding Fathers.

Besides the foregoing, Tocqueville perceived other difficulties which, while not novel to the American milieu, were characteristic of majoritarian democracies. What happens, for instance when the majority, operating fully within the law, sanctions and puts into effect an unjust law, a law that violates an individual's personal notions of right and equity, one he cannot obey in good conscience? Does he yield, recognizing the higher morality and pur-

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pose of the general will, or does he defy the law, thus affirming the superiority of conscience as a guide? Either the majority is supreme, and hence may enact any laws it deems fitting, or there is a power above the majority and distinct from it, to which the citizen may apply for judgment. What is this power, and who is to take the role of vanquished and of victor in the test of wills? Tocqueville answers this way:

> When I refuse to obey an unjust law, I do not contest the right which the majority has of commanding, but I simply appeal from the sovereignty of the people to the sovereignty of mankind. It has been asserted that a people can never entirely outstep the boundaries of justice and of reason in those affairs which are more peculiarly its own; and that consequently full power may fearlessly be given to the majority by which it is represented. But this language is that of a slave.

Stated differently, the majority may command but only consonant with reason and justice. If the majority acts to serve the causes of injustice and unreason, the person (or people) so misserved must appeal to mankind at large, to state the case for right and truth in the larger court of humanity. The issue is left to one's fellow men and their common sense of decency to decide. The type of mentality that would invest in a majority the full capacity for making unjust laws, and an equal capacity to pass on the morality or legality of those laws, is one, Tocqueville firmly believed, more than half way to accepting tyranny.

The Power of Public Opinion

Of less dramatic interest perhaps – but of no less significance – than the collision between the individual conscience and the wrongful decrees of the majority, is the intimate relationship of public opinion and majority rule. The salient difference between Europe and America in this regard is the attitude toward dissenting or unpopular opinions. In Europe, "every sort of religious and political theory may be advocated and propagated abroad," and the man who speaks them has several allies:

> If he is unfortunate enough to live under an absolute government, the people is upon his side; if he inhabits a free country, he may find a shelter behind the authority of the throne, if he require one. The aristocratic part of society supports him in some countries, and the democracy in others. But in a nation where democratic institutions exist, organized like those of the United States, there is but one sole authority, one single element of strength and of success, with nothing beyond it.

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Tocqueville concedes a certain freedom of thought and expression exists here, but insists it does so at the sufferance of the majority and its "very formidable barriers to the liberty of opinion." To publish and broadcast an opinion outside the pale of majority regulation is to invite "the slights and persecutions of daily obloquy." Tocqueville cites the discrepancy between the methods of monarchical tyranny to prohibit free thought and discussion, and those utilized by the majority in a democratic republic, noting that while "the authority of a king is purely physical . . . the majority possesses a power which is physical and moral at the same time."

European despots persecuted the body to imprison the soul, but the technique in America is milder, indirect, furtive, and subtle. The majority disciplines unpopular opinions – meaning those it does not share – by narrowing the opportunity for their expression, and by stifling, through group-pressure, the will that inspires them. Tocqueville lived too early to witness the horror of modern totalitarian states, which employ slave-labor camps and indoctrination, subjugating at once the body and the mind.

Tocqueville observes the equality of conditions in America, and advances the theory that such equality leads to a centralization of power in the State. So long as inequality is the rule, scattered instances of privilege engender little popular indignation. But when equality prevails, "the slightest dissimilarity is odious." Under a monarchy, the people look to the king, as the head of the State, to rectify the inequity. Under a democracy, the people look directly to the State itself, the rationale being, "that each of them thinks that he strips his equals of the prerogative which he concedes to the crown." Considering the power thus rendered, it is not so unusual that the State began to enforce equality from above, prompting Tocqueville to say: "The American people would rather be equal in slavery than unequal in freedom."

"Benign Despotism"

Given this extreme equality, and given too this ever-expanding State-power, the chances for a form of despotism – one new in the world – are greatly enhanced. Unlike the tyrannies of old, a democratic-egalitarian dictatorship would wear a benign aspect. It would order the life of the people for their benefit; it would have their interests in mind at all times. While it maintained an outward semblance of freedom, "under the wing of the sovereignty

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of the people," it would quietly – and without resort to the rack or thumbscrews – extend its authority into every corner of human life, regulating, managing, and dictating each activity, important and minor alike. The new dispensation "renders the exercise of the free agency of men less useful and less frequent," the end result being that "each nation is reduced to be nothing better than a flock of timid and industrious animals, of which the government is the shepherd." A chilling prospect to contemplate this is, and none the less so since it describes precisely the state of America today – or at the very least the state to which it is tending.

As Tocqueville realized in his diagnosis of the democratic malady, the question of the individual and majority rule cannot be separated from the more pertinent subject of the individual and the State. One can hardly speak of limiting the power of the majority without implying a restriction on the State's domain, for in a democracy the two are inseparably fused. The majority *is* the State and the State *is* the majority. And, like the confusion surrounding the proper sphere of the State, there is an equally gross misconception with respect to what majority rule is meant to do, what it may do, and what it may not do. It is, in fact, a utilitarian principle intended to expedite the operation of government, to aid in the transfer of the reins of power, and to give a raw consensus for proposed legislation. It is not a *carte blanche* for one transiently ascendant group to violate the rights of any minority or individual. At most, it is supreme in those matters that are the necessary and correct duties of the State, those which the State alone can discharge, and more especially in those whose design is the defense and survival, in freedom, of the nation.

A Legacy to Keep

Perhaps it will be argued, in response to the preceding, that if the warrants of the Bill of Rights remain intact, freedom will be amply protected, and consequently all this talk of the dangers of majority rule is so much supererogation. The intention here is to find fault neither with the Bill of Rights nor with the men who gave us our government. The Founding Fathers were wise and prescient men who believed in limited government, in Jefferson's oft-quoted but still resonant words, "the government which governs best governs least." Having themselves escaped the grip of monarchical tyranny, they were cognizant also of the possibility of a

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democratic tyranny arising in America. They knew a despotism bearing the imprimatur of a numerical majority was a despotism still, and that sheer weight of numbers sanctified nothing. To avert both types of oppression, by one man or by many men, was the aim of the Bill of Rights.

But we have witnessed how even the Bill of Rights may be turned against freedom, as in the Dred Scott case where the Fifth Amendment was used to keep millions of blacks in bondage, and how far, especially in the last forty years, government can go while remaining, on the surface, faithful to Constitutional guarantees (Tocqueville's comment concerning the "outward forms of freedom" has a piercing aptness here). And it could be that placing restraints on the State is not a matter for legislation at all but an attitude of mind which must grow out of the people themselves. The Founding Fathers had this attitude, but somehow the legacy has been lost.

It may be that the impulse to bestow absolute supremacy upon a majority, like the related urge to confer unrestricted power upon the State, admits of no easy remedy. It is too deeply rooted in the common conviction that because today government is conceived to be a force for good, it can be entrusted with power it will not use for evil tomorrow; that because the majority now shares this conception, it will always share it; that because ours is a democracy and the majority chooses our leaders, it will never choose one who will misuse the power once given with such good faith and with such fond hope, so freely and so willingly.

IDEAS ON LIBERTY

Constitutional Barriers

FORTUNATE it is for the body of a people, if they can continue attentive to their liberties, long enough to erect for them a temple, and constitutional barriers for their permanent security: when they are well fixed between the powers of the rulers and the rights of the people, they become visible boundaries, constantly seen by all, and any transgression of them is immediately discovered: they serve as sentinels for the people at all times, and especially in those unavoidable intervals of inattention.

RICHARD HENRY LEE, during debates concerning the Constitution and Bill of Rights.

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IMPOSSIBLE RIDDLES

BERNARD H. SIEGAN

CITIES AND TOWNS do not come packaged in boxes like erector sets.

I hope this revelation does not unduly shock the journalistic profession. Reading the newspapers and watching TV have led me to the conclusion that the reporters think that's about the way cities are created.

Cities are arising in the West near new mining operations, and reporters seem disturbed that housing, schools and shopping facilities are not standing in these desolate areas waiting for people to arrive. They keep interviewing the new inhabitants who say what most should be expected to say, that conditions are not very pleasant. The reporters are quite surprised by it all.

But how can it be otherwise? Anyone who would have demanded the creation of housing in these areas several years ago, before the energy and resources crisis made such areas economically important, might have been committed as a looney. On the other hand, if mining and production are delayed until all workers are comfortably ensconced in their respective dream homes, the resources will not be mined for years to come – if ever. The workers would suffer along with the rest of us.

It is inevitable that boom towns bring living problems for those attracted by the prospect of new riches and lush jobs. This was the story of the American West, now probably the best housed section of the country. The settlers usually anticipated the kinds of hardship they found, but chose them in preference to the life they left behind in the East. They developed great portions of the country and succeeding generations were well served.

The best to be hoped for in these situations is that the developers and builders will be allowed to respond to the demand for housing and shopping, and not be hamstrung by zoning and building regulations. Schools and other facilities will follow.

This course of action, however, can bring added fury from the

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press. They may charge that the builders and speculators are desecrating the landscape, selecting sites that are scenic attractions or perhaps the habitat of unique four-legged creatures. And it may well be true of some of these potential sites.

However, the buildings will have to go somewhere on earth; no one has yet invented any which float in the sky or are subterranean. If new construction is required to bypass the challenged areas, houses will be located longer distances from other housing, shopping and employment. These are the characteristics of that notorious villain: Urban Sprawl. And the arguments about how the land should be used will delay considerably new construction.

Well, what do we do now? The usual way out of this dilemma is to demand planning and regulation, and then more and more of the same when the prior doses don't work. That's today's automatic cure-all for those who keep insisting on perfect solutions to these problems, with the same probability of success as the bottled stuff the hucksters used to sell.

Greater and greater powers will then be given to politicians, bureaucrats, and planners, hardly a winning combination. But regardless of their knowledge or wisdom, they will be unable to accomplish the politically or physically impossible. Yet, that is what will be demanded of them.

Thus, to conserve land by obtaining a greater yield per acre requires taller structures. The mere mention of this, however, tends to evoke deletable expletives from environmentalists and planners. They prefer bigger lots to provide more open space, but want them to cost less and take up less land. They would like more housing but less construction. Even Albert Einstein couldn't have solved those riddles.

The regulatory process invariably curtails development. Fewer housing units will be created and there will be additional horrors to report.

A more realistic and responsible approach to these difficulties is required. While new growth may create problems for people, the history of new development in this country shows that most of them will be solved within a few years. I doubt that conditions in life were idyllic where these people previously lived – else why did they migrate? When individuals move they usually do so to better themselves.

The more we allow normal market processses to operate unhampered, the quicker the solutions will arrive.

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The Right to Feel Alienated

ROBERT J. RUBANOWICE

LIFE, LIBERTY, and the pursuit of happiness are not the only basic rights man should enjoy. The right to feel alienated must be added to the list of man's inherent rights. Out of alienation can come great fruition. As the saying goes: Better Socrates dissatisfied than a pig satisfied.

Those who fashionably portray alienation in our age as an individual defect or sickness which must be uprooted or overcome at all costs miss a fundamental point. A sense of alienation in today's society is not necessarily a bugaboo, an undesirable affliction like halitosis or dandruff to make one feel ashamed or inferior. It frequently is not a clinical disease of weak persons or neurotics. Rather, alienation in today's society can be an early warning sign that something is wrong with the world.

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Alienation is a legitimate response of an individual to institutions and practices which deny him the maximization of meaning in his life. To repress the right to feel alienated is to repress freedom of choice for the individual. In the face of dehumanizing pressures and demands, the right to feel alienated may be the most important basic defense mechanism to reaffirm one's individual humanity.

Collectivist institutions alienate because they curb the latitude of the individual's freedom of choice. When one feels alienated in the face of collectivist pressures, where does the fault lie? Not in the individual, but in those very inhuman or ahuman institutions that are intervening in his life. Shakespeare wrote: "The fault, dear Brutus, lies not in the stars, but in ourselves." It is necessary to widen this viewpoint to entertain a *third* possibility – that the fault lies in the oppressive politi-

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cal, economic, social, and educational institutions and their practices that surround the individual and suppress his freedom. In an age of bigness – of big government, big management, big labor, big education – to stand alone and resist being gobbled up by huge institutions which feed on masses of people is a right to be cherished, not a plight to be lamented.

Alienated from what?

Alienation involves feelings of estrangement, anxiety, isolation, pessimism, disenchantment, and frustration. Are these feelings wrong? Should one feel guilty or inferior when one feels estranged from remote bureaucratic concentrations of power; when one feels anxious about being trapped in a workaday-world rat-race; when one feels isolated rather than willing to be absorbed into a nihilistic social order; when one feels pessimistic in light of growing stockpiles of overkill bombs; when one feels disenchanted by irresponsible political structures and processes; or when one feels stifled by authoritarian institutions? The real problem is not to be alienated, but to be adjusted to such a sorry state of affairs.

If we live today in a veritable "Age of Alienation," as many cultural critics suggest, I think we are amiss in rushing to conclude that something is wrong with us as individuals. It is not necessarily *we* who are wrong thinkers. It is the system that is wrong. If we tamper with the right to feel alienated, and allow the state or any collectivist institution to be the final arbiter in these judgments, we dangerously let powerful forces further batter individual freedom, which already is a fragile thing.

Concentrations of power tend to be self-aggrandizing, self-perpetuating juggernauts. Political controls devised to ensure the protection of the nation, the species, or whatever the group might be, regard personal individuality as an undesirable, divisive, centrifugal force to be exterminated. Earlier in this century, the sociologist Max Weber predicted that the growing bureaucratic cast of society would eventually stifle all spontaneous individual activity. This danger should be our concern today, as we view the growth over recent decades of greedy, large-scale institutions which intervene crushingly in the lives of individuals.

Removing Individuality

When I hear talk about the need to end alienation, I cannot help but recall the case of Adolf Hitler. Among Hitler's primary goals was the end of alienation, by coordi-

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nating all activities of the nation into one gigantic Volk-community where group identity and loyalty to the state took precedence over the needs of the individual person. There is an insidious connection between the desire to end alienation and the desire to abrogate individual rights.

But the zealous wish to overcome and eradicate alienation does not appear in totalitarian fascist regimes alone. One need not be in an already established garrison state to suffer loss of liberties. One should not forget that when George Orwell wrote *1984* he had in mind not to describe totalitarianism as such, but to warn against the collectivist and interventionist tendencies which he saw around him in allegedly democratic systems. Orwell's *1984* is essentially a story about Big Brother's attempt to stamp out alienation. It certainly does happen in a totalitarian dictatorship, but it can also happen in a totalitarian democratic setting as well.

Is a return to "community" the answer? Not necessarily. True communities are hard to come by, wherein the individual is totally respected and can properly retain and develop his full personality. To escape from freedom into the illusion of community may result in the loss of a feeling of alienation but the gain of a Big Brother – what William H. Whyte calls the "imprisonment of brotherhood." The cure could be fatal.

When one gets engulfed by a group, regardless of the size, the authentic human self is lost. Too much "togetherness" spells the death of the individual. Becoming enmeshed in any institutionalized role can lead one to forget – or never learn – to know himself. A popular ballad today, about a girl who both loves someone yet reluctantly consents to get married, has the memorable line: "But I'll never learn to be first just me by myself." It is human to need relations, but not to be fettered by these. It is human to need roots, but not to the extent that they immobilize.

Return to Basics

We must return to basics. From at least Rousseau's time to the present, original thinkers have detected the tendency in the modern world to separate, on the one hand, the meaning of an inner life, and, on the other hand, the outward reality of institutionalized roles. When there is a serious cleavage between these two spheres, alienation can occur. At that point, we might heed Pascal's advice, given several centuries ago: Try one of the most difficult things for a person to do, namely, withdraw alone to a place where

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no distractions or diversions occur except one's own thoughts and feelings. Withdraw to find the core of one's inner life, rather than forcing that inner life to correspond to dehumanizing outward institutions. And then, once more in the world outside, set about curing alienation by dismantling those oppressive man-made institutional monstrosities which kill the spirit, and rebuild with a closer look at the human element and individual needs.

IDEAS ON LIBERTY

In Defense of the Individual

ONE of the great practitioners of the inner life has told us, "To mount to God is to enter into oneself. For he who so mounts and enters and goes beyond himself, he truly mounts up to God." There are certain things that no one can do for us but ourselves. But we are not encapsulated monads which develop in a shell insulated from social contacts. We are born into a family and a community. An immense social heritage is put at our disposal — a storehouse into which has been distilled the contributions of an enormous number of individual men and women, some famous and some nameless. Knowledge, wisdom, skill, and some of the very thought-forms by which we may avail ourselves of this treasure are handed down to us. The problem here is not analogous to rationing a given quantity of goods to a certain number of people; it is analogous to keeping a conduit open so that the spiritual accumulations of previous generations can flow unimpeded, to be enriched through understanding and application by this generation and passed on to those to come. Diminution of political liberty is comparable to the silting up of the conduit; freedom is the removal of obstructions to the flow of energy.

EDMUND A. OPITZ

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British Booksellers Learn to Compete

Willie E. Nelms

Many people who supposedly support the concept of the free market are bitterly opposed to what they consider "cutthroat competition." According to these individuals, competition is acceptable, as long as it is not completely unbridled. If totally unregulated price reduction is allowed to occur, the industry or business in question will be ruined, the quality of goods will decline, and small entrepreneurs will be driven out of existence by larger producers. Thus, not only consumers but also businessmen are harmed when price decisions are left solely to the parties involved. The solution suggested is always the same: the state should regulate prices to "protect" both buyers and sellers.

Any student of freedom readily recognizes the errors in the above argument. It is only through the working of the market that the true price of goods and services can be established. If the government interferes, it can only confuse the issue, inhibit efficiency in production, cause shortages, and prevent consumers from getting the best available products.

An excellent example of how the interests of both businessmen and consumers are best served by the competitive free market is the British bookselling trade of the nineteenth century. A careful review of this story will demonstrate how, without government interference, monopolies were avoided, consumers were provided inexpensive reading matter, and an acceptable income was earned by retail merchants.

The history of English bookselling is rooted in the eighteenth century. The Enlightenment, with its emphasis on intellectual improvement and industrialization,

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promoted the cause of literacy. Despite the increasing level of education, however, by the turn of the nineteenth century, books could still be purchased only by the wealthy. Most publishers preferred to issue expensive limited editions of books, instead of producing cheaper works for the expanding middle class. As one literary historian has observed: "ironically, as a climax to a century that prided itself on its unprecedented diffusion of learning, new published books were completely out of the ordinary man's reach."[1]

An Innovator

An interesting exception to this trend in the book trade was James Lackington, "an ex-shoemaker, random amorist, and converted Methodist." Lackington scandalized the conservative book trade by buying volumes which other bookmen could not market and selling them at very low prices. Instead of maintaining the high prices and mark-ups of his competitors, he hung a sign over his bookstore proclaiming, "Cheapest Bookseller in the World." No one challenged his claim, and his business grew until he had the largest bookstore in London.[2]

Lackington's success encouraged other retailers who were willing to accept his belief that "small profits do great things." Ignoring the protests of the older bookmen that underselling was against the best interests of the book trade, these entrepreneurs reaped acceptable profits, provided reading material to people with moderate incomes, and helped spread literacy throughout England.

Alarmed by the practice of competitive pricing, several leading members of the London Booksellers' Association met on December 9, 1829 to formally approve a document sanctioning control of retail book prices. According to this agreement, no retailer was to sell new books or reprints below the price suggested by the publisher; if he did, publishers could refuse to supply him with works at trade or wholesale prices. A permanent committee was established to enforce these regulations, and within a year 560 members of the book trade had promised to abide by the regulations.

The 1829 agreement brought outcries from booksellers who were unwilling to sacrifice themselves to save the more inefficient members of their trade. Many of these hardy individuals fought the regulations and continued to cut prices.[3]

The Committee of the Booksellers' Association was determined to enforce the 1829 accords, and it promptly responded to stop

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underselling. In addition to boycotts and blacklisting, publishers were told to deny obstreperous sellers credit, and habitual offenders were excluded from public auctions and trade sales. The Committee later began issuing trade tickets to members who abided by the regulations. If a dealer violated the prescribed standards, his ticket was revoked and all privileges of the trade withheld.

Without a doubt, the most obnoxious of all techniques used by the organized book trade was espionage. Not only were merchants encouraged to report to the Committee any violations by fellow members of the profession, but spies were also hired to harass undersellers.[4]

As the harshness of the Booksellers' Association increased, the determination of the undersellers also hardened. This explains the necessity of the Committee to meet on July 12, 1850 to reaffirm its 1829 agreement. Such a gathering would have been unnecessary if members had faithfully obeyed the dictates of the organized trade. The truth is that while only a handful of merchants openly refused to obey the Committee's commands, many did so covertly. As in any market where prices are held artificially high, the profit motive encouraged producers to engage in black market operations.

The covert undersellers were encouraged by the booksellers who openly defied the Committee. Needless to say, many of these men paid heavily for their actions, and some even went bankrupt. But the profitability of underselling was great enough to make the risk worthwhile for the few who courageously battled the organized book trade.

Bucking the Association

Among the most remarkable of these men was John Chapman, a publisher and importer of American books, who was only twenty-eight in 1850. Although threatened with blacklisting, boycotting and a cutoff of supplies, he continued to sell at less than the list price. Once, when the Committee promised to take sterner action against him, Chapman replied, "I'd gladly give ten pounds toward the expense of commencing hostilities against your association." He often smuggled books from other areas and bought indirectly from publishers trying to put him out of business.[5]

Chapman continued his defiance of the Association, and he printed several letters about its coercive activities in the London *Times*. These letters attracted such public attention that two of the Committee's most respected members,

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William Longman and John Murray, felt compelled to respond. They replied that the Booksellers' Association represented a majority of the London bookmen and that the question of the Committee's activities was being considered by several prominent London literary figures. Although this last statement was untrue, the publicity it generated forced the Committee to submit the controversy to formal arbitration. A mutually agreeable group of arbiters was selected, and both parties began preparing their cases.[6]

Encouraged by the possibility of victory through arbitration, Chapman and other undersellers set out to convince the authors of the books they sold that the Association did not serve their best interests. The Committee responded with a circular expounding the dire consequences of unrestricted competition.[7]

From this debate came a most notable occurrence. On May 4, 1852, while the question of the Committee's actions was still awaiting arbitration, Chapman called a meeting of distinguished authors to get their opinions of the Booksellers' Association. Those present included Charles Dickens, Wilkie Collins, and Herbert Spencer. All of the authors decried price fixing and called for the institution of free trade. The words of Henry Cole, a contemporary art critic who was at the meeting, aptly expressed the feeling of all present. He said, "I think the price of books should be allowed to find its own natural level, as in all other manufactures."[8]

Free Trade Prevails

When the question finally came before the arbiters, the undersellers argued that the regulations were monopolistic, oppressive, inefficient, and contrary to the principles of free trade. The Committee replied that it represented a vast majority of the booksellers and that if "cutthroat competition" continued, publishing and bookselling would suffer irreparable damage. They graphically described a future in which booksellers would be forced out of business and in which the number of books in circulation would be drastically reduced.

After hearing the arguments of each side, the arbiters adjourned to make their decision, which was delivered on May 19, 1852. Their judgment was unequivocal: the Committee's regulations were criticized as "harmful and vexatious," and inconsistent with the principles of free trade. As a result of this decision, the Committee was disbanded, and the Booksellers' Association was dissolved.[9]

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Following the breakup of the Association, free trade returned to bookselling with predictable results. Price competition caused discounts to grow, and they were applied to nearly all books in the trade. Between 1852 and 1890 the discount rate rose from two pence to three pence on the shilling, and in some places these rates were exceeded. This process was not confined to London, but extended into the provinces. Provincial booksellers not only competed among themselves but also faced the challenge of London merchants. The rate of gross profit secured by booksellers was eventually half of what it was during the days of the Booksellers' Association. Naturally, this was to the advantage of the consumers as books became available to people with even the most modest of incomes.[10]

Many members of the book trade moaned the fall in profit margins and argued that it was no longer possible to make an adequate income. This argument has been cited by many historians to show the horrors of unrestricted competition.[11] In reality, however, a comparison of the figures available for the period discloses that profits were such that the number of booksellers actually increased by nearly 25 per cent, instead of decreasing as the critics have claimed. As the most careful student of the nineteenth-century book trade has observed: "it is unlikely that there could have been any decline in the number of bookshops; and it may be conjectured that the average size of bookshop must have been increasing. This conclusion would not be surprising in view of the growth of the economy and the continuing spread of literacy."[12]

Another criticism of the price competition of the period is that booksellers were forced to supplement their earnings by selling other merchandise, such as secondhand books, fancy goods, and stationery. This was quite natural, however, as the traditional divisions between different branches of retail business were beginning to break down under the impact of changes in sale methods and the growing standardization of products. This argument further loses it significance when one realizes that similar circumstances obtained when there was regulation of the trade by the Booksellers' Association.[13]

Having dealt with the arguments against free trade, it is necessary to assess the benefits of such freedom. As price competition increased, inefficient publishers and retailers were forced to either become more productive or retire from the business. The

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drive for efficiency led to numerous technological innovations, especially in the binding of books, which further decreased the cost of printed matter to consumers. In addition, novel advertising methods were used to inform the public of new works, and advances were also made in the distribution of books.

Bookmen began to realize the vast market formed by the middle and lower classes, who were eager for reading material. With the developments in technology and the increased efficiency promoted by the free market, the rewards to the consumer were great. In the words of one historian, "whatever its effects on the professional bookseller, the discount system encouraged the reading habit both by reducing actual prices and by increasing the availability of books."[14]

All of the above circumstances were possible because of the unhampered workings of the free market. Without governmental interference, it was impossible for the Booksellers' Association to maintain fixed prices. The lure of substantial profits was very tempting, and there were always businessmen willing to risk the displeasure of the organized trade. Even if the Association had not agreed to have its activities arbitrated, it would not have been able to maintain its control. The market for cheap printed matter was expanding, the technological advances were available, and undersellers were ready, willing and able to respond to the public's needs. These bookmen deserve much credit for their courage, and they deserve our thanks for demonstrating how the free market can solve the problems of production and consumption.

• FOOTNOTES •

1 Richard D. Altick, *The English Common Reader* (Chicago & London, 1957), pp. 51-52.

2 Paul Hollister, Comp., *The Author's Wallet* (New York, 1934), pp. 8-12.

3 James L. Barnes, *Free Trade in Books* (Oxford, 1964), p. 14-16; Russi Jal Taraporevala, *Competition and its Control in the British Book Trade, 1850-1939* (Bombay, 1969), pp. 16-17.

4 Barnes, *Free Trade in Books*, pp. 15-17, 22.

5 Hollister, *The Author's Wallet*, pp. 36-38.

6 Barnes, *Free Trade in Books*, pp. 24-25.

7 *Ibid.*, p. 25.

8 Hollister, *The Author's Wallet*, pp. 38-44.

9 Barnes, *Free Trade in Books*, pp. 28-29.

10 Taraporevala, *Competition and its Control*, pp. 21-26.

11 *Ibid.*, p. 28-29; Thomas Joy, *The Truth About Bookselling* (London, 1964), p. 20.

12 Taraporevala, *Competition and its Control*, p. 27.

13 *Ibid.*, pp. 29-30.

14 Altick, *The English Common Reader*, p. 305.

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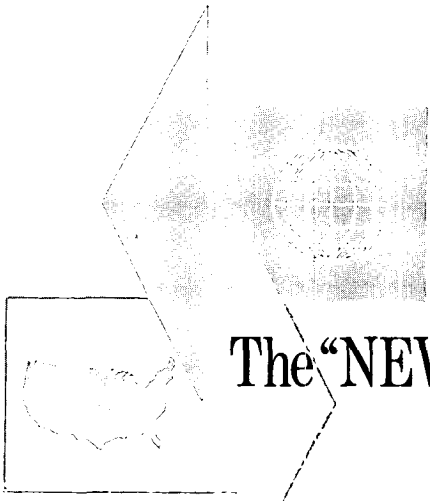

The "NEW" Protectionism

THE TERM PROTECTIONISM is most often used to mean *international* trade restrictions. However, its root is implanted in government power to "protect" men from competition and the free market. Thus, *protectionism begins at home.* Wage and price controls are a form of protectionism in that government tries to "protect" men from the effects of inflation. *Rationing,* too, is a form of protectionism in that government tries to "protect" men from shortages.

Both the domestic and international aspects of protectionism arise from the same assumption: that government must enter the economy and make decisions for its citizens, which they allegedly are incapable of making for themselves.

When governments (politicians) attain the power to impose their ideas and values on other men domestically, it is not surprising to see the same kind of protectionist policies extended into the international economic and monetary spheres. And for the same reasons that men are not protected by protectionism internationally, they are not thereby protected domestically.

Though our main concern may be with the international repercussions of a recently renewed interest in protectionism, the root of the matter lies embedded in domestic political economic theory. It is at this root that we must begin pulling if we wish to reach a major source of today's economic and monetary problems.

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The Essence of Protectionism

The essence of protectionism is compulsion. For example, some men expect and demand that government provide public programs, services, and favors to certain citizens. This will allegedly protect men from an "uncertain world" and provide guarantees against the "harmful" consequences of "change." Such services as unemployment benefits, welfare handouts, health care, business subsidies, and the like can be provided only at the expense of other citizens; and government, by taxation, *compels* men to finance these services. Since men do not like taxes, the government resorts to inflation as a method of financing expensive programs. Thus, government must also compel men to accept paper money which government controls and depreciates. But men dislike inflation, too, and usually demand that price rises be reduced or eliminated. Since today's generally rising prices are simply an effect of inflation, there can be no cure to rising prices unless the artificial creation of money substitutes and credit by government is halted.

In the guise of protecting men from inflationary effects, government *compels* men to buy and sell goods at government-decreed prices and work for government-decreed wages. Such political compulsion does not protect anyone – it violates man's right to defend himself and his property. Clearly, buying and selling or working at voluntarily established and mutually agreeable prices does not entail coercion. But the *prohibition* of such peaceful and voluntary action *is* coercive.

Controls on wages and prices, then, result in certain economic effects, i.e., shortages. Men dislike shortages, and again, when social pressure mounts for government to protect men against these government-caused effects, government enters the economy and imposes rationing. Men are then compelled to produce and trade at government-decreed rates, and they are told what they can and cannot do with their property. Again, the call for government action against economic *effects* leads to compulsion (a loss of freedom) but not to a *cure* for the immediate *cause* of shortages – not to a cure for inflation combined with wage and price controls.

Another example of domestic protectionism is consumer protection. The result of freedom, free enterprise and free markets is economic diversity and an abundance and variety of goods and services for consumers to choose from. Not all goods and services are of the quality that consumers anticipate; some goods are of

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poor quality, others are better than expected.

In a free society, the consumer must *learn* to shop in the market place. He can have no prior experience with or knowledge of many new products, and since the economic world is forever a changing and uncertain place to live in, a consumer must constantly decide which actions best serve his self-interest. To help him make these decisions there are magazines, books, and private organizations supplying information on how to shop and what to buy.

If the consumer buys a product and is disappointed with it, he will not buy it again. If the product *harms* him in any objectively measurable way, he can sue for damages. But when the government attempts to "protect" men from purchasing shoddy or *"potentially"* harmful products, economic diversity is reduced and profit (the incentive to produce) dwindles. Government thus gains a monopoly on "shopping sense", i.e., what *politicians* consider shoddy or *"potentially"* dangerous merchandise. This kind of regimentation subordinates the majority of men's freely chosen values to the values of a few "omniscient" politicians. This leads to injustice because the government is necessarily arbitrary. This leads to a reduced standard of living as the market place is constricted and confined to government-determined "standards" of what should be produced and its quality. Again, the act of producing and selling products or services does not entail coercion, but *preventing* peaceful and voluntary production, sales, and purchases *is* coercive.

In all forms of domestic protectionism where the government enters the economy to protect men from the effects or "potential" effects of an economically uncertain future, there exists government-initiated force, i.e., government's attempt to subordinate the consumer's judgment and actions to the judgments and decrees of politicians. This is the antithesis of government's proper role – the protection of individual rights. The protection of individual rights means protection from compulsion, be it initiated by private citizens *or* government agencies.

Domestic Protectionism At Work

All economic controls and regulations are established in the name of protecting some men, yet all economic controls and regulations result in the loss of freedom and economic well-being for all men. As decisions, judgments, and choices are taken out of the hands of individuals and regimented by government, the economy shifts from a market economy to a gov-

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ernment controlled economy; and to control an economy means to control men.

One of the great economic benefits of a market economy is the efficient production and distribution of goods and services. Domestic protectionism (i.e., controls and regulations over production, prices, wages, and consumer choices) strangles the economy to the point of economic stagnation – depression.

Domestic protectionism has always existed to some extent in the United States, but its recent alarming growth comes with the assumption that government has an obligation to care for and protect its citizens *economically*. The movement toward economic protectionism is not new – it has been developing most rapidly in this country since the turn of the century. The signs of economic deterioration are becoming more and more visible domestically, yet the results of applying protectionist policies internationally are only now surfacing.

Governments have so completely adopted the political philosophy of controls and regulations to "solve" domestic economic problems, that the same kinds of controls have been extended without question into the international economic and monetary spheres. But, just as domestic protectionist policies have the power to cause a depression nationally, international protectionist policies can cause a world-wide depression. To understand the nature and potential danger of international protectionism, a brief history of its development and the role it played in contributing to the Great Depression is in order.

International Protectionism At Work

The world has never achieved a period of free, unregulated international trade. It has, moreover, vacillated between periods of greater freedom in, and greater restrictions on, trade. It is not merely coincidental that freer international trade was more prevalent during times of greater domestic freedom, and that restrictions on international trade were more prevalent during times of greater domestic statist controls and inflation.

Prior to the 18th century movement toward greater individual freedom, the trade policies of the world developed as an extension of statism. The years from 1500-1700 were in general an era of mercantilism, which dominated trade policies of governments. Both domestic and international economic activity during this era can only be described as stagnant.

But during the 18th century

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there developed a genuine intellectual movement against statist domination and for greater personal and economic liberty. From the works of a series of writers, there began a movement toward *laissez-faire* which resulted in political revolution (culminating in the Industrial Revolution).

The free-trade movement emerged from men's interest in greater individual liberty. Mercantilist theories which had dominated the policies of state were thoroughly and expertly demolished. By the 1800's, the world's major powers embraced both a philosophy of freer domestic trade and greater political liberty. This led to an unprecedented expansion of world trade and productivity and to over a century of peace between nations. Statism, fiat money, and protectionism had given way to capitalism, an international gold standard, and an era of international free trade.

But this transition was not complete. Statist principles were not entirely rejected; the gold standard was not free of government meddling; and free trade was only *more* free – not fully free. These remnants of statism were not eliminated, so they continued to grow. Toward the end of the nineteenth century, statist trends began to again dominate the world – a condition which later led to abolition of the gold standard and free trade.

The U.S., a bastion of freedom and a growing world power, proved no exception to the statist trend. Greater government intervention into the economy led to greater restrictions over domestic exchange. A growing populist movement urged government to engage extensively in economic matters. Inflationists began propagating massive government programs that would not likely gain popular support if financed through direct taxation.

By the 1920's, government had gained total control over the issuance of money substitutes and was using this power to finance new and ever-growing government programs. Although the gold standard was not officially abandoned, for all intents and purposes it became non-operational. Meanwhile, international trade was faltering; the accumulated debts of major nations and the undercutting of gold flows (which, under normal circumstances, would lead to price equilibrium among nations), were creating serious international economic and monetary distortions.

The Depression hit the world after only a relatively few years of implementing statist-inflationist policies. And the political response was a resort to greater domestic and international protec-

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tionism to "solve" the world's problems.

In 1930, protective tariffs were raised to the highest level in United States history – an average of over 52 per cent on dutiable imports. Of course, foreign nations retaliated with their own import restrictions. As a result, between 1929 and the third quarter of 1932, the volume of world trade contracted by one-third while the gold value of world trade fell by nearly two-thirds.

One of the main justifications offered for raising tariffs was to increase exports. Did the increased tariffs increase exports? Not at all. In 1932, the volume of United States exports had in fact *declined* by 53 per cent from the 1929 level. The trade "war" of the early 1930's is just one more eloquent illustration of how protectionist measures contract world trade and reduce men's standard of living.

How could the world move toward such an insane trade policy? How, after centuries of evidence on the vices of trade restrictions and the virtues of free trade, could such protectionist policies be reenacted into law? The answer is that when governments chose statism and inflation as a way to deal with social, economic, and monetary problems domestically, they chose force as their primary method of dealing with men. And domestic problems and policies soon enough became international policies and problems. In a time of emergency, good sense, reason, and truth became "impractical" – nothing less than brute force would do. Protectionism, a world trade "war," and economic chaos were (and will always be) the product of this kind of thinking.

Past Folly and Current Nonsense

Unfortunately, the lessons of history and common sense seem seldom sufficient to prevent a recurrence of past folly.

Ask any economist if wage and price controls work or have *ever* worked. With rare exceptions, the answer will be, "No; wage and price controls are only a temporary panacea that attempts to deal with the symptoms of inflation rather than the cause and, at best, leads to economic dislocations and shortages." Ask if rationing is the best way to deal with shortages and, again with exceptions, the answer will be, "No; rationing requires an army of bureaucrats and this is no substitute for the free market. It's expensive to ration, it's inequitable to ration, and it is economically dangerous to ration."

Such policies as wage and price controls and rationing are not scientific or reasoned approaches to problems, nor are they historically

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proven solutions. Why, then, are they forever plaguing men, like a recurring disease? The answer becomes apparent if one goes to the root of today's political action. There he will find statism at work and a statist mentality to generate it. "The nation is in a crisis, inflation is raging, *something* must be done. This is an emergency!" Whenever one hears these words, he can be sure that new statist measures are about to be advocated. The statist sees there is a pressing problem, but has *no* idea of the solution. He offers, with great confidence and moral indignation, "*something* must be done," in place of exactly *what* should be done to end the emergency. He cannot be bothered to check into causes, scientific investigations, rational or historical evidence. His only concern is to forcibly prevent men from doing whatever it is *they're* doing to cause a crisis.

While rationing and other related proposals are being advocated to meet problems such as the energy crisis, the one potential proposal that has the power to do perhaps the greatest economic harm lingers in the background. It is rarely mentioned by politicians, yet is a very real threat to the world. The threat is that politicians may repeat the past follies of the 30's, and by dramatically increasing trade restrictions, throw the world into a new trade "war."

Toward a "New" Era of Protectionism

Despite much talk about (and even some action on) reducing trade and money barriers, there is a growing protectionist mood in the world. The European Economic Community (EEC) has been hailed for its increased free trade policies, but these policies are of dubious merit. While trade *between* EEC nations has been liberalized, trade policy between the EEC and other nations has changed little since World War II. Further, the kind of "free" trade that exists *within* the EEC is highly suspect: it is enveloped in controls over men, money, and markets in an attempt to legally fix exchange rates and support controlled prices.

The EEC has for years shown artificial export surpluses, by restricting imports, discouraging foreign investment, and undervaluing their currencies. EEC intervention to keep the value of its currencies at unrealistic rates indicates the true sentiment in Europe. Europe demands from the rest of the world both the right to inflate and to export, but governments refuse to allow their citizens the use of export revenues to freely import foreign goods.

Japan likewise has erected in-

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surmountable trade barriers for many goods, and has imposed a protectionist web of exchange controls.

Meanwhile, the United States imposed a temporary 20 per cent surcharge on all foreign goods at the first sign of "trouble" in 1971. The fact that this surcharge has ended would be encouraging except for another fact: Congress granted the President power to determine trade policy, which means the power to decrease *or* increase tariffs and quotas as he sees fit.

In the past, trade "wars" have been sparked by currency depreciation and the attempt to legally fix exchange rates. This caused great distortions and disequilibria, which resulted in devaluations, then in a series of "competitive" devaluations, and finally in a trade "war" as all nations attempted to "protect" the home industries from competition. While it is certainly possible that a trade "war" could result once again from the monetary turmoil of "competitive" devaluations and the attempt to artificially increase exports and restrict imports, a new factor on the horizon warrants examination: the energy crisis.

The Mid East's oil embargo represented a major step toward protectionism. Oil is now often referred to as a "weapon." The export ban on oil led to a renewed awareness of the importance of energy and natural resources. The energy crisis began to cause shortages of goods throughout the world, and the massive amounts of existing fiat money (plus the newly created fiat money printed to "stimulate" national economies) resulted in hoarding of goods and to skyrocketing prices.

Call for Intervention

It is always in this kind of panic atmosphere that protectionists step forth: "The government must do something! We must preserve our natural resources and combat the threat from the Mid East." Governments have not yet seriously increased protectionist restrictions, but the mood in the world is ominous. Here are a few of the questions that nations must face: How will nations obtain more oil? Will they encourage the domestic exploration and production of oil by decreasing restrictions on production domestically, or will they increase international protectionist policies and restrict exports of scarce goods? How will nations pay for the higher-priced oil they must obtain? Will they increase their national money supplies (inflate) to pay for oil, will they restrict imports of other foreign products in order to run artificial trade surpluses, or will they re-

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duce trade barriers in order to achieve maximum exports? What will become of the billions of dollars that flow to the oil-abundant Arab nations? Will Arabs be allowed to freely invest and spend this money in other nations, or will they be discouraged from doing so by "new" protectionist policies? How will the balance of payments problems (the huge deficits of oil importing nations) be handled? Will the currencies of deficit nations be free to seek their market level, or will they be legally prevented from doing so? The answers to these questions and others like them will help determine whether the world embraces a new era of free trade or a new era of protectionism.

The potential sparks that can kindle a new world trade "war" are numerous. Governmental refusal to allow the free export of natural resources is one potential spark. When nations jealously protect natural resources it is only a matter of time before other nations retaliate with similar protectionist measures. The attempt to artificially increase imports and decrease exports – or vice versa – never increases natural resources; it only serves to reduce world trade and contract the amount of imports on which nations depend.

Attempts to pay for higher-priced oil by means of inflation is another potential spark. The Arab nations are very conscious of monetary depreciation and thus will not tolerate massive artificial increases of money. This can only add an inflationary strain to an international monetary system that is already being strained to the breaking point. Similarly, any attempt to artificially devalue national currencies in order to stimulate exports or artificially revalue national currencies in order to pay for oil and "solve" balance of payments problems, can only result in "competitive" devaluations or revaluations by other nations. And this could lead to the kind of monetary turmoil that sparked the trade "war" of the 30's.

What can be done to head off or combat the threat of a world trade "war"? Men must speak out against *irrational* fears with rational arguments. It must be urged that nations begin to decrease restrictions on men, money, and markets. This is the only moral and economically practical course of action open to nations.

Men must realize that the attempt to solve economic problems by imposing progressively greater protectionist policies will fail as it has always failed, and that it has the potential of culminating in a world trade "war." Such a trade "war" will *not* end adverse economic effects such as shortages, or

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balance of payments problems, nor will it stimulate exports or imports. It will only multiply present problems, just as past problems were increased during the trade "war" of the 30's.

One point must be stressed: while it appears the world is certainly moving toward a "new" era of protectionism, a trade "war" is not *inevitable*. It can only occur through submitting to ignorance and fear and can be averted by combatting statist-inflationist policies in general and protectionist policies in particular.

Toward a New Era of Intellectualism

The free trade movement did not come to the world accidentally — it came as the result of applying reason to the political and economic sciences, i.e., as a result of moving toward capitalism. Likewise, *protectionism* did not come to the world accidentally, but resulted from increased coercive government power and men's failure to properly challenge that power, i.e., as a result of moving toward statism.

The proper way to suppress government power in a free society is with ideas. *One* good idea by *one* thinking individual is worth more than any number of guns and laws aimed at forcing men to blindly take actions. It is far easier for men to identify with common sense and facts than with blind force. Men are receptive to reason, and as such are likely to learn, to correct errors of thinking, and to act rationally and productively. When men are commanded to obey laws, they are more likely to be confused, frustrated, apathetic or rebellious.

This nation was born as the result of an intellectual revolution. Ideas on liberty led to economic heights previously inconceivable. Then came the anti-intellectual "revolution" of the twentieth century, and with it regression toward ignorance, concern for effects rather than causes, and the political-economic expression of such regression: increased statist controls. The result of the anti-intellectual "revolution" has been greater economic and political problems and the beginning of a steady decline in the material well-being of United States citizens.

But not all men are satisfied with their political leaders and the stale, meaningless "answers" supplied by today's "intellectuals." Increasingly, men question the credibility and worth of their leaders' statements. There may be only a handful of true intellectuals today, but from these men of reason, and out of the dissatisfaction and questioning of millions of Americans, there can evolve a new intellectual revolution.

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A new era of protectionism may well be awaiting the world; but this time, to combat it, hopefully to avert it, and perhaps to end it once and for all, a new era of intellectualism may also be awaiting.

It has always been characteristic of Americans that when they are given the choice between force and reason as a way of life, they will in the last analysis choose reason. The main task today is to rationally speak out against the government initiated coercion that fuels economic controls and regulations, so that Americans will be provided with that choice.

IDEAS ON LIBERTY

"*Why don't you propose something* constructive?"

FROM TIME TO TIME, readers of *analysis* urge upon me the espousal of some program they are pleased to call "constructive.". . .

Every one of the proposed reforms has something to commend it, while the sincerity of the proponents makes one wish that they might succeed. The fact remains, however, that the reform invariably rests its case on the good-will, intelligence and selflessness of men who, invested with the power to do so, will put the reform into operation. And the lesson of history is that power is never so used. Never. I am convinced, on the other hand, that all of the evils of which these honest people complain can be traced to the misuse of power, and am therefore inclined to distrust political power of any kind. . . . The only "constructive" idea that I can in all conscience advance, then, is that the individual put his trust in himself, not in power; that he seek to better his understanding and lift his values to a higher and still higher level; that he assume responsibility for his behavior and not shift his responsibility to committees, organizations and, above all, a superpersonal State. Such reforms as are necessary will come of themselves when, or if, men act as intelligent and responsible human beings. There cannot be a "good" society until there are "good" men.

ANALYSIS, July 1949
FRANK CHODOROV, *Editor*

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All Different

GEORGE ELLIS

CRITICS of the United States are quick to point out that ours is not a truly democratic system because people are not all on a level and alike. But when did democracy offer to guarantee the similarity of people or grade mankind down to a dead flat? Democracy declares that men, unequal in their endowments, shall be equal in their right to develop those endowments.

Classes must exist in every social order. The moment you have men developed by different kinds of work, on different sides of their nature, you have classes.

What democracy says is that there shall be no locked door between these classes. Every stairway shall be open. Every opportunity shall be free. Every talent shall have an equal chance to earn another talent. Democracy is based upon the conviction that there are extraordinary possibilities in ordinary people.

Our system may not be perfect, but it is the best thing we have developed so far. It would be physically impossible for all the farmers' sons in the country to become President. But any of them may do so, and several of them have done so.

These cases are not accidents. They are logical evidences of an equality among men in the only sense in which equality is possible – equality of opportunity.

The malcontent who has given nothing to his country, but protests against its principles in spite of the fact it has given him the best life in the world, must be taught that we have created on this continent, in less than two centuries, a civilization that is the envy and inspiration of nations five or ten times as old.

They must be made to remember that men do not make bloody footprints crossing a frozen Delaware River just to see what is on the other side. They do it to leave a well-marked trail that others may follow toward a worthwhile destination – Freedom.

Mr. Ellis is a free-lance writer from Aurora, Illinois.

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VALUE and the WELFARE STATE

BRIAN SUMMERS

SOCIETY MOVES as its individual members move. And individuals act according to their ideas.

Thus if one wants to know where society is going, one needs to examine the ideas held by its members. If one wishes to change the course society seems to be taking, one must present one's fellow men – society – with better ideas.

The ideas that nurture and sustain the welfare state are innumerable, but a few basic conceptions run through them all. And one such notion is that welfare programs somehow "increase the general welfare."

In conventional usage, "general welfare" is taken to mean some sort of sum of the welfares of the individuals composing society. To form any such sum, one must assume that the welfares of individuals can somehow be measured.

The "welfare of the individual" is a subjective value judgment. Unless one considers himself somehow superior to his fellow men, he will readily assert that the only judgment of the welfare of the individual that matters is the judgment of the individual himself.

Can a person measure his own welfare and then report the resulting number back to the state? Welfarism is based on the assumption that an individual not only can do this for himself, but a case worker can do it for him.

The measure used, of course, is the material well-being of an individual – in rough terms, how much money he has. That is, the material wealth of a person is taken as the measure of his welfare. The state, using these figures, then forcibly takes from those with "too much" wealth and gives to those with "too little."

Thus are the actions of the welfare state founded on the assumption that an individual can measure the values he places on goods and services. That is, state wel-

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farism is based on the notion that personal values can be measured and that the appropriate measure is money.

Subjective Values Change

This notion is false. For money to be a measure of value, the value an individual places on a unit of money, say a dollar, would have to be constant. In reality, as an individual changes, and as his economic circumstances change, the value he places on each dollar also changes.

To confirm this, merely reflect on your own experiences. If you received a raise, did not the value of each dollar in your eyes decline? Were you not more willing to spend these dollars for luxuries you wouldn't have bought in the past? Also, as prices change, does not the value of each dollar in your eyes also change? Reflection upon your own experiences, and your own changing tastes and values, will show that a unit of money is no more a standard of measurement than is an elastic ruler.

Thus is it seen that the welfare of the individual is not amenable to measurement. This reveals the folly of egalitarian leveling schemes, for they are based on the assumption that individual welfares can be measured and compared, usually in terms of dollars. There is no reason to believe that equally wealthy people are "equally happy" people. In fact, one has only to look among his acquaintances to find graphic evidence to the contrary.

The immeasurable nature of human welfare also demonstrates that there is no way of determining if the welfare state helps beneficiaries more than it harms taxpayers because there is no way to measure the help and the harm. That is, there is no way of telling if welfare programs "increase the general welfare." In fact, "general welfare" – viewed as a sum of the welfares of the individuals comprising society – is a meaningless expression.

One may thus conclude that the welfare state has no meaningful criterion to judge its effects on the welfares of the people.

Voluntary Charity As Alternative to Welfarism

Fortunately, welfare is not the only way that people may give direct aid to the needy. There is one alternative: charity. Charitable acts are voluntary acts. An individual accepts charity because he feels he is better off doing so than not. That is, he feels his welfare is improved. A bestower of charity does so because he betters his own standing in his own eyes. That is, he experiences a psychic profit. Hence he also feels that his

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welfare is improved. Thus in charitable transactions, as in all free market transactions, each party feels that he is better off. If both parties didn't feel this way, they wouldn't have made the transaction.

We may thus conclude that in charitable acts all parties involved improve their own welfares from their own points of view—the only points of view that matter.

The voluntary nature of charity, in contrast to the coercive "pay these taxes or else" nature of welfare, convinces me that charity is far the better alternative.

IDEAS ON LIBERTY

Hope for the Oppressed

ONLY when the state is restricted to the administration of justice, and economic creativity thus freed from arbitrary restraints, will conditions exist for making possible a lasting improvement in the welfare of the more miserable peoples of the world. It is often this very lack of justice in the poorer countries that keeps the people in their low economic state. An English economic advisor to an African state was shocked at the prevalent low wages and succeeded in securing a minimum wage law for the land. The result was that the thousands of workers who had earned forty to fifty cents a day were put out of work. Only the more efficient and essential workers remained and the whole economy suffered. It had been interventions in the market by the government, a lack of justice, that had kept the wages down in the first place by preventing capital accumulation and investment. Further intervention, in the form of the minimum wage law, only aggravated the situation, removing the one chance many had for some economic improvement. Were justice present in these lands, there would be no shortage of investment capital, for there would then be no fear of unjust confiscation or nationalization. Justice is the one condition that will lead to economic improvement. Where there is little justice, there is little charity. Only where there is justice and freedom will there be the opportunity for extensive charity.

FRANCIS E. MAHAFFY, *"Social Justice*

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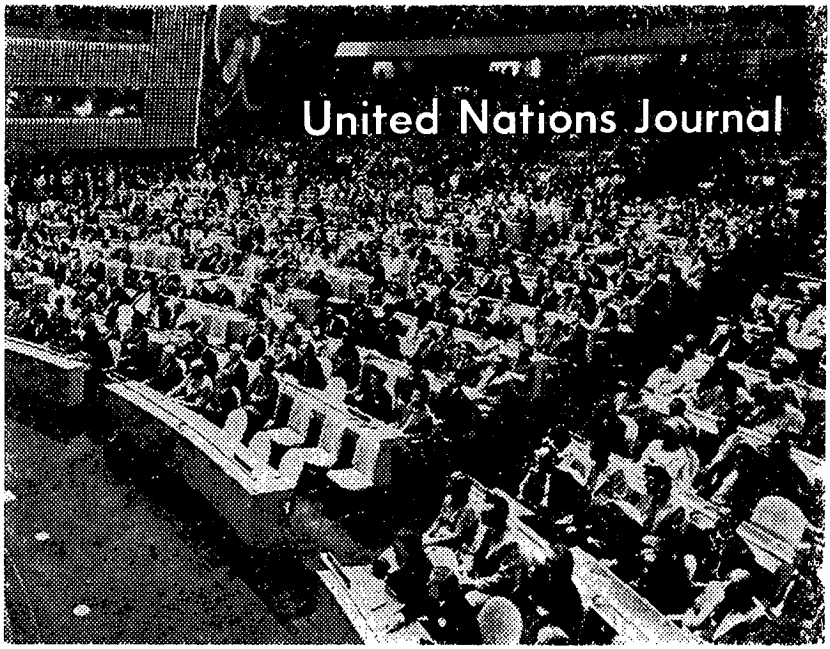

WHAT IS the justification for the United Nations? It is hard to see what it has done to further any interests that might be helpful in preserving the values that have made western civilization what it is. Clarence Streit's "Atlantic union" would have done better. The UN, as it has evolved, has become the happy hunting ground of all the two-bit bully boys who talk about liberty and use stolen property to bolster their one-party regimes. So why do the inheritors of the Judeo-Christian-Greek tradition put up with it? Abba Eban, the civilized Israeli who was Golda Meir's Foreign Minister, when pressed to explain why he made his periodic visits to the UN slab in New York City, put it wittily when he said that "if one is to work behind the scene, one must have a scene to work behind." That just about sums it up: the UN is a scene.

William F. Buckley, Jr., who has a sound theatrical instinct, saw it as such when, against his own first impulse, he decided to

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accept an appointment, in 1973, as a public delegate member of the U.S.A.'s UN mission. Bill differed with Abba Eban on one thing: he wanted to work in front of the scene. In what he calls his "only experience . . . in pure, undiluted Walter Mittyism," he saw himself dramatically exposing hypocrisy as a missionary to the Third Committee (the one that deals with human rights). He had never visited the great assembly at the UN in his twenty years in New York, but he saw no reason why he couldn't use the rostrum to read to the world certain passages from Solzhenitsyn or to plead the case of the trapped Soviet dancer Panov. After all, Mrs. Franklin D. Roosevelt had unexpectedly used the UN scene to fight the Cold War in a day when not every Liberal was categorically expected to be in favor of detente, so why couldn't a worthy tradition be revived to fight for western values within the limits imposed by Richard Nixon's "low profile" foreign policy stance?

Alas, Bill Buckley discovered that he was not a free agent to conduct a Mittyesque operation of any consequence. In an age that is concerned with ethnic sensibilities and national appearances rather than with individual rights, Mittyism on behalf of Christian values or John Locke's old triad of "life, liberty and estate" would not be understood. "Race" had become the overwhelming preoccupation of the UN since Mrs. Roosevelt's day, and working for Mr. Nixon and Henry Kissinger had to be accepted in a limiting context that Harry Truman and Dean Acheson had only dimly foreseen.

A Delegate's Diary

At this point Bill Buckley would surely have offered his resignation if he had not formed a most admiring opinion of John Scali, who was doing his best to fight rearguard actions in defense of Eighteenth Century individualist values as the U.S. Permanent Representative to Abba Eban's "scene." Having elected to stay on and see it out, Bill decided on the limited Mittyism of keeping a diary. It is now published as *United Nations Journal: A Delegate's Odyssey* (Putnam, $6.95), and it says everything that Bill couldn't say in the open on the few occasions that he was called upon to address the "scene."

The result is that the tone and texture of a period in the UN's affairs has been caught with exquisite sensitivity. Human rights, in the year of the Buckley odyssey, made no appreciable advances, for the manipulators behind Abba Eban's "scene" were too busy concerting the maneuvers that were

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to end in pushing all the old "colonial" powers of the West up against the wall in the little matter of assuring their economic systems of enough energy to keep going. The Arabs and the African dictatorships worked in harmony with the Soviet Union to exploit the Yom Kippur War with the Israelis in a way that has drastically altered an ancient economic balance of power.

Bill Buckley does not say in so many words that the Afro-Asian bloc, edged along by the Communists, has been singularly successful in using the excuse of the Israeli war to defeat the whole West in a relatively bloodless battle. But the theme peeks out from the Buckley descriptions of such events as General Mobutu's appearance before the General Assembly or Saudi Arabia's Ambassador Baroody's interminable incursions into what Buckley calls "pop history." The diarist quotes and observes, setting down the minutiae. Buckley is here engaged in beautiful intaglio work. The broad-stroking can be left to those who use the diarist's notations to substantiate the general conclusions of the historian and analyst.

Oil on Troubled Waters

What interests me as an analyst is that Bill has caught the UN at a period that is certainly destined to pass into history within short order. The rise of the Arab money power will surely cause great splits in what, to date, has been the Afro-Asian united front. The so-called Third World, which has been utilized by both the Soviet and the Chinese Communists to fight the "capitalists," will soon be convulsed with arguments about disposition of the greatly enhanced income that is now accruing to hitherto "underdeveloped" countries such as Nigeria, Kuwait and Saudi Arabia, which have oil. The needs of India, which has little to pay for fertilizer, or of the sub-Saharan poverty zones, are no longer identical with the needs of the "have" nations in the Third World. And with capital flowing into their treasuries, the new Third World "haves" must face the truth that neither Moscow nor Peking offers an investment area that will pay nine per cent for the use of the money surplus that is now being conjured out of the possession of oil and other natural resources. People with funds to invest inevitably become capitalists.

Strange New Alliances

In the new power struggles that are even now shaping up, the UN is bound to see some strange new alliances. The old "colonial" pow-

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ers – the United States, the nations of western Europe – will be using their technological and managerial advantages to bid for position. They still have something to use in a trade. The communists, who have shamelessly utilized what has been an Afro-Asian united bloc to further their own strategies, cannot talk about "recycling" possibilities to the new Third World "haves." Starvation in the Third World "have-not" countries will pose special complications. So, too, will the disappearance of the Portuguese Empire. Israel, which has been the butt of history, may, curiously enough, find itself in a somewhat better position now that huge oil profits have satiated some of the Arab countries. With money to spend, the "have" Arabs must come to look upon future wars as unwelcome interruptions in more important business. Jamil Baroody may have to get some new speeches.

In the coming struggles for position at the UN, what will be the fate of the human rights which were Bill Buckley's big concern when he accepted his UN assignment? No doubt the rhetoric will continue as usual. I suspect, however, that the fight for human rights must be won everywhere as a local struggle. The UN in its very nature remains Abba Eban's "scene."

▸ AN INTRODUCTION TO CHRISTIAN ECONOMICS by Gary North, The Craig Press, Nutley, New Jersey, 413 pp., $6.50, paper.

Reviewed by Edmund A. Opitz

THE SOLID CORE of this excellent book – nearly half of it – consists of the brilliant articles contributed by North to The Freeman. They treat expertly of such matters as inflation, urban renewal, property taxes, money and banking, and even range afield into such delicate areas as women's lib and the family. The writing has verve and wit.

Some potential readers of this book may be put off by the title. An "introduction" connotes an elementary treatment of a subject, and easy reading – which this book is not. The writing is clear, but it is in the nature of the subject matter treated here to make demands of the reader. Economics, and especially monetary theory, are tough going. The book, however, will repay the effort put into it.

The adjective "Christian" will, in the second place, mislead many of our contemporaries who have only the vaguest of notions of what the term means. North is clear on this point, and pretty hard nosed about his own commitment to Christianity and what this portends for economic theory. What

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he refers to as "the starting point for all economic analysis," is the curse upon the earth recorded in the third chapter of Genesis, resulting in a scarcity of almost everything we need to survive. Because things are scarce, men must learn to cooperate with one another. (Something of a blessing, one would think!) And because the earth now does not yield up its fruits unless human effort is expended, labor is an unavoidable necessity. "If any would not work," wrote St. Paul, "neither should he eat." Impossible to square welfarist policies with the New Testament! Economics, then, is the human effort to mitigate the curse of scarcity, and its primary ethical mandate requires that every able-bodied person contribute his labor.

There are some things no Christian economist will spend a moment's time on, the author points out. He will, for instance, spend no time trying to devise ingenious ways of inflating the money supply, nor will he try to provide a rationale for fractional reserve banking. To the contrary, he will denounce the immorality of inflation and work toward sound banking practices and the use of real money, gold and silver.

A significant portion of this book deals with monetary theory, so the author felt called upon to devote a lengthy chapter to the funny money people, by whom some conservatives are led astray. The Social Credit scheme associated with the name of C. H. Douglas has gained many disciples, and so have the monetary panaceas of Frederick Soddy and Silvio Gesell. These ideas come together in the writings of one Gertrude Coogan, and it is her two books which North dissects and disposes of.

Gary North offers interesting discussions of usury, the limited liability corporation, education and the schools, philanthropy, and even a little handbook of economic survival when and if the crunch comes. There is a freshness of approach to these various topics that makes this book recommended reading for even the well-schooled libertarian or conservative. The author's earlier work, *Marx's Religion of Revolution*, has here a worthy successor.

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▸ ECONOMIC GROWTH AND STABILITY: *An Analysis of Economic Change and Policies* by Gottfried Haberler (Los Angeles: Nash Publishing, 1974) 291 pp., $10.

Reviewed by Tommy W. Rogers

DR. HABERLER'S WORK is the eighth volume in the Principles of Freedom series, sponsored by the Institute for Humane Studies, Inc., of Menlo Park, California. The purpose of this study is to identify the public policies and the monetary and financial instruments that are best suited to achieve the two economic objectives of stability and growth, grounded in what Haberler considers the more basic objective of personal freedom. In other words, the economic objectives of stability and growth must be restricted to those which preserve the personal freedom of the individual and are consistent with the *modus operandi* of the free enterprise system.

. . . freedom of consumer choice, freedom of choosing one's residence and occupation, and free enterprise are values and policy objectives more important than those of growth and stability. Their preservation requires free markets and absence of price controls. Fortunately, these freedoms, far from being in conflict with the goals of growth and stability, are conducive to bringing about rapid growth and stability. These freedoms, thus, are means and ends at the same time.

In a chapter on "Growth and Growth Policy," Haberler deals with the meaning and measurement of growth, determinants of growth, the influence of government policies in promoting or retarding growth, and a discussion of recent popular attitudes toward economic growth. "Policies for Stabilization" looks at business cycle and anti-depression policies, the effects of "fine tuning" discretionary measures, the "monetarist position" of Milton Friedman and others, the Keynesian position of "functional finance," and the argument of "monetary" vs. "fiscalist" policy. In other chapters, Haberler identifies the inflationary practices followed by various mature industrial nations as well as the governmental attempts to set "wage guideposts" and "incomes policies" and other forms of protectionism, as distinguished from free markets and international free trade. The ideal of the gold standard is discussed, along with the Bretton Woods or "adjustable peg" system, and the propensity to impose controls under a system of fixed rates.

The concepts, principles, and instruments are clearly defined to give the reader a history of the application of different approaches to

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economic stability and growth. The compilation will be of interest and value to more advanced students of economics as well as to intelligent citizens with no formal training in the subject.

▸ ROOTS OF THE NEW REPUBLIC: A NEW PERSPECTIVE ON EARLY AMERICAN CONSTITUTIONALISM by George Dargo. (New York: Praeger Books, 1974), 187 pp. $8.00

Reviewed by Allan C. Brownfeld

AT A TIME when the Constitutional processes have been severely tested, it is proper that we recall the beginnings of the nation and gain some perspective on where we've been and where we're headed.

Professor George Dargo of the City University of New York examines the foundations of American constitutionalism in a broad survey of government, legal rights, church-state relations, the press, and political life in the colonial period. Unlike a number of earlier studies which have stressed legal doctrines, ideological constructs, and social attitudes, Professor Dargo's book is concerned primarily with the historical reality underlying the accepted notions about the period. "What is extraordinary about American colonial history is the degree to which a new society, beset by enormous physical problems and located on the edge of a hostile wilderness, succeeded in generating institutions that, in retrospect, represented significant breakthroughs and advances in the evolution of Western constitutionalism."

While the 18th century saw the entire thrust of English policy as one toward centralization and subordination, either to the will of the Parliament or to that of the Crown, the author believes that, "Precisely the reverse was the theory of the American federal union. The evolution of territories into states was to be an evolution from dependency to autonomy."

Government was not a positive good, the early Americans believed, but a necessary evil. The most important thing was to severely limit and circumscribe it. Recalling the "Body of Liberties" adopted in 1641 in Massachusetts, an early "Bill of Rights," the author states that it was "the first modern code of the Western world, designed to limit the discretion of legislators and magistrates to fixed principles—an idea that was to reach fulfillment and conceptual clarity only in the constitutional period and the latter part of the 18th century."

The early Americans wanted written guarantees and did not

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wish to trust their liberties to the benevolence of the men who happened to be their rulers. Dr. Dargo writes that, ". . . by the end of the 17th century, the American constitutional experience—as reflected in royal charters and concessions handed down by the Crown or by the proprietors of royal grants as well as in legislation initiated from below by the people's deputies—recognized the central importance of legal guarantees of personal liberty secured by some kind of written enactment whose authority was beyond ordinary statutory control."

While Americans at this time reject the idea of a property test for voting, Dr. Dargo reports that such a test was widely used in the colonial period, and for reasons quite different from those we might suppose. He reports that, "The property restriction was a device—originally a liberal reform — for preventing local men of wealth, power, and influence, from controlling the outcome of elections. Given that most voting was oral and that a man's choice was public knowledge, it was necessary to insulate the voter as much as possible from social pressure. A tenant was not very likely to risk his lease by voting against the known inclination of his landlord; nor would an apprentice or bound servant vote against his master or a debtor against his creditor. The theory was that tenants and servants, like women, slaves and children, did not have 'wills of their own,' and only a man with a minimum of property was sufficiently self-possessed to exercise a free choice . . . it was believed that in the absence of a property qualification the rich and powerful would be able to march to the polls at the head of a parade of dependents prepared to vote at their dictation."

Professor Dargo is not happy with those historians and critics who have seen fit, in recent years, to denigrate the American past. To argue against calling the early American experiments with government "constitutional" because they "did not promote tasks that we, more than two centuries later, consider central, is to distort colonial America's real achievement and its primary contribution to the betterment of man."

Reflecting upon our current period and the abuse of power which we have witnessed, Professor Dargo recalls the lessons we should be busy learning from our colonial experience. He concludes that, "Constitutionalism is our best and safest foundation for dealing with the social ills that beset us. It is, after all, primarily out of our constitutional tradition that the notions of social justice

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and equality that we as a people profess have emerged. Constitutionalism supplied to colonial Americans the values, the tools, and the assurance that enabled them to respond to tyranny when they perceived it. We, too, draw upon that rich legacy when we respond to threats to liberty in our time—threats that the early Americans would have understood, and which they taught us how to meet."

▶ PAGANS IN THE PULPIT by Richard S. Wheeler (Arlington House, 81 Centre Ave., New Rochelle, N.Y. 10801, 1974, 137 pp., $7.95)

Reviewed by Norman S. Ream

THIS BOOK is better than its title. The alliteration may attract attention but it is not an accurate designation of most of those about whom the author writes. A socialistic, left-wing position in political and economic thought does not forsooth make one a pagan. One cannot argue the fact that many clergymen are oriented toward increased government control of the economy. Some may indeed be pagans, but a great majority are misguided idealists whose education in economics and experience in the business world have been terribly neglected.

It is about these persons, charged with being our religious and moral leaders, that Richard S. Wheeler writes well. He concludes that they "suffer under the most terrible theological delusion of our age, the delusion that substitutes welfare for charity, the state for God, bureaucracy for mercy and equality for justice." If indeed these religious leaders are so terribly misled then perhaps the kindest thing we can do is to pray, "Father, forgive them for they know not what they do." Unfortunately that commendable moral position will not undo the vast harm they have done during the past three or four decades.

The author makes a strong point in demonstrating that it is not a mere difference in means that divides the liberal clergy from their more conservative counterparts who believe in the limited government, private property, free-enterprise tradition of our American heritage. It is not true that our goals are the same and only our projected means are different. "Christianity and socialism are not cousins, but enemies. The one is a secular political enterprise that employs government coercion as its motor. The other is a religion, concerned above all with the relationship of persons, of souls, with God." The end of one is freedom; the end of the other is totalitarianism.

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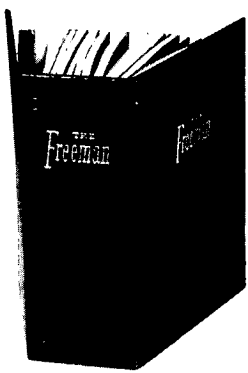
Mr. Wheeler makes his point with force and clarity while discussing from a Biblical basis the problems of suffering, egalitarianism, women's rights, civil disobedience and peace. This reviewer, a clergyman, found his Biblical exegesis to be thoughtfully and carefully done. Here is a book that will be helpful and supportative in demonstrating that socialism is neither Christian nor moral.



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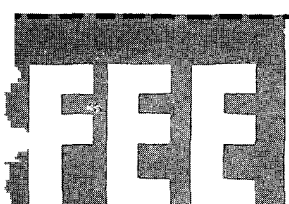

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